EXHIBIT VOLUME I

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1961

No. 498

IN THE MATTER OF CRIMINAL CONTEMPT OF THOMAS C. McCONNELL, PETITIONER.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

PETITION FOR CERTIORARI FILED OCTOBER 14, 1961
CERTIORARI GRANTED DECEMBER 11, 1961

In the
United States Court of Appeals
For the Seventh Circuit

No. 13160

PARMELEE TRANSPORTATION COMPANY,

Plaintiff-Appellant,

vs.

JOHN L. KEESHIN, RAILROAD TRANSFER SERVICE, INC., HUGH W. CROSS, THE NEW YORK CENTRAL RAILROAD COMPANY, HOWARD E. SIMPSON, PAUL E. FEUCHT, WAYNE A. JOHNSTON, FRED G. GURLEY, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, THE BALTIMORE AND OHIO RAILROAD COMPANY, CHICAGO & NORTH WESTERN RAILWAY COMPANY, ILLINOIS CENTRAL RAILROAD and THE PENNSYLVANIA RAILROAD COMPANY,

Defendants-Appellees.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

Honorable
Julius H. Miner,
Judge Presiding.

EXHIBIT VOLUME I

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The Scheffer Press, Inc. — ANdover 3-6910

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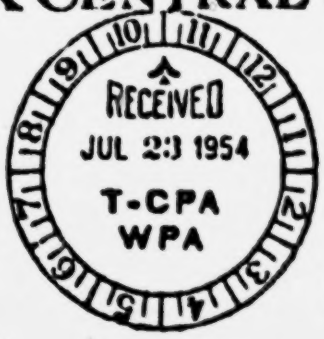
PLAINTIFF'S EXHIBIT 1

Ltr to Larry Dolp-Gray Line
8/2/54-HBS

NEW YORK CENTRAL SYSTEM

W. BONE
PASSENGER TRAFFIC MANAGER
F. DUNLEVY
ASST. TO PASSENGER TRAFFIC MANAGER



LA SALLE STREET STATION
CHICAGO 5, ILL.

July 22, 1954

Messrs:
R.T.Anderson, C.P.T.M., A.T.& S.F.R.R., Chicago
J.H.Cronnan, P.T.M., C.& N.W.Ry., Chicago
R.E.Coleman, P.T.M., D.& L.R.R., Chicago
E.M.Holt, G.P.A., Pennsylvania R.R., Chicago
O.H.Kimbel, P.T.M., I.C.R.R., Chicago

Gentlemen:

At a meeting of the Chicago Terminal Lines, Mr.Padrick appointed the undersigned Chairman and each of you to the committee to study the transfer situation in Chicago, and particularly to contact companies who, in your estimation, are large enough and capable of performing the transfer of passengers and baggage, to determine if there was any other company which could perform the service at a more economical rate than presently being performed by the Parmelee Transportation Company.

At a preliminary meeting of our committee it was indicated that Mr. Biddall contact the Parmelee people and the Gray Line, Mr. Holt - Willett, Mr. Anderson - Dixon, Mr. Coleman - Carroll, Mr. Cronnan - Lindell, Mr. Kimbel - Ayres and any other companies capable of doing the job.

I have reserved Room 830 at the Union League for Wednesday, September 15, and Thursday, September 16, to permit our committee to confer with the companies which you have contacted - I don't know that it will take two full days but it seems to me that if we set aside two days we will not, at this time, experience any difficulty in making a date with these people and we will have sufficient time to tell them the hour that they should meet with us.

I am attaching hereto a statement which you can give to the prospective transfer company, which statement outlines in a general way the size of the job to be done and will give them some idea prior to their meeting with us whether or not they want to undertake the job.

Yours very truly,

Passenger Traffic Manager

Enclosure
Copy Mr.E.B.Padrick

A669

PLAINTIFF'S EXHIBIT 1 (Continued)

STATEMENT #1

Chicago, July 21, 1954

TO ALL CONCERNED:

(The following information is prepared to give prospective companies who desire to bid upon the handling of transfer of passengers and baggage through Chicago an opportunity to know the size of the job which is contemplated) -

In Chicago there are eight passenger stations (six so-called steam train terminals and two electric train terminals), as itemized next:

Dearborn Station	Dearborn and Polk
Grand Central Terminal	Harrison and Wells
Union	Canal and Adams
Central	Michigan and Eleventh Place
LaSalle	LaSalle and Van Buren
Northwestern	Madison and Canal
Chicago-North Shore	Adams and Wabash
Chicago-South Shore	Randolph and Michigan

and the greatest distance between any two terminals is approximately 1-3/4 miles, otherwise the terminals listed are generally considered within the downtown area of Chicago although not exactly within the loop area.

The railroads serving Chicago have considered it to be to the advantage of their services, and a convenience to their passengers, that a transfer of persons and baggage be provided between the Chicago terminals - and this service has been performed by the Parmelee Transportation Company, which company only last year celebrated its 100th Anniversary.

We would have it known that the railroads serving Chicago have enjoyed their relationship with the Parmelee Transportation Company, and they feel that the services of each has contributed to the success of the other, notwithstanding the economic conditions are such that the railroads must not undertake to pay a greater fee for the services performed than is necessary, and because the greater portion of the transfer fee paid to the Parmelee Transportation Company is absorbed by the outbound railroad. It is, therefore, necessary to canvass the companies capable of handling such a transfer of passengers and baggage and whose reputation and vehicle equipment would indicate the ability to satisfactorily perform the services - and at a fee attractive to the rail carriers who, as stated above, absorb the charges accruing to the Chicago transfer.

(See Page 2)

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PLAINTIFF'S EXHIBIT 1 (Continued)

-2-

The specifications of such a transfer job are, briefly, as follows:

1 - Transfer approximately 1½ million passengers a year -

In 1951	1,648,577
1952	1,616,386
1953	1,429,847
Average	1,564,937

1,564,937, being the average number transferred in the three-year period, is 140,000 more than handled in 1953. According to our figures the most passengers are transferred in June, July and August.

Percentagewise, of the years total

9.1%	is	transferred	in	January
6.5%	"	"	"	February
7.2%	"	"	"	March
7.2%	"	"	"	April
7.5%	"	"	"	May
10.1%	"	"	"	June
10.1%	"	"	"	July
10.5%	"	"	"	August
8.5%	"	"	"	September
7.3%	"	"	"	October
6.5%	"	"	"	November
9.5%	"	"	"	December

2 - The transfer of passengers is required between trains arriving and departing Chicago - trains arrive Chicago beginning at 5:00 A.M. and either arrive or depart Chicago beyond midnight.

3 - Hand luggage carried with passengers should be transferred in the same cab. Therefore the number of seats utilized in a cab depends upon the amount of luggage that can be placed in the baggage compartment of the cab; excepting briefcases, etc., all luggage is placed in luggage compartments of the cabs - none is placed in the seats.

4 - About 90,000 pieces of checked baggage, ranging in size from a small overnight case to a salesman's trunk, are transferred between the eight stations each month, or more than one million pieces per year. This part of the service is better performed in trucks which deliver and receive their loads at the special platforms provided for such a purpose in each terminal.

(See Page 3)

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PLAINTIFF'S EXHIBIT 1 (Continued)

5 - Transfer of corpse is an important consideration, and, although the number of cases is unpredictable, it is not uncommon to handle as many as eighteen to twenty remains in one day between the different terminals.

The committee trusts that the items listed above will give you an idea of the job that is to be performed and, if you desire, the committee will meet with you and answer additional questions to give you sufficient information to permit you to give a price for which you will perform the service of transferring passengers and luggage between stations in Chicago.

RECAPITULATION:

1 - Transfer approximately 4,000 passengers per day.

2 - Workday begins with early trains.

3 - Cabs with space for hand luggage.

4 - Transfer approximately 3,000 pieces of baggage per day.

5 - Transfer of corpse.

The foregoing is intended to be illustrative but not necessarily conclusive.

PLAINTIFF'S EXHIBIT 2

Zeniam 42-id
56@3x3

FILED
APR 15 1960

CHICAGO, May 23, 1955

File: 164 -(S-3)

Plaintiff's Exhibit 2 Defendant's Exhibit Identified
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Ray L. Fuller - Official Court Reporter
DEPOSE MINER, J.

PARMELEE TRANSFER CHARGES

Mr. R. O. Small,
Vice President - Traffic.

Referring to our several conversations and correspondence relative to the above subject and returning herewith memorandum covering Mr. Feucht's conversation with Commissioner Hugh Cross:

Passenger Traffic Representatives of the New York Central, Pennsylvania, Illinois Central, Baltimore & Ohio, Santa Fe and Chicago & North Western Railway, as well as Mr. E. B. Padrick, Chairman of the Western Passenger Association, who comprise the committee, met with Mr. J. L. Keeshin during the morning of May 19th and with Mr. Morris Markin during the afternoon of the same date for the purpose of reviewing their respective proposals.

Basically, Mr. Keeshin's proposal originally submitted in writing on December 15, 1954, clarified in writing on April 6th and further elaborated upon verbally on May 19th, is as follows:

Contract Term: Five years.

Coupon Rates and Escalator Clauses: A three-year labor wage contract for truck drivers was settled early this year which provides a wage increase of 10¢ an hour for the first year, 8¢ an hour for the second year and an additional 8¢ an hour for the third year. Subsequent to this settlement, Mr. Keeshin said he would guarantee a rate of $1.20 per coupon for the first year, $1.22 per coupon for the second year and $1.23 per coupon for the third year. Increase in coupon rate during fourth and fifth years would be determined solely on increased wage awards. A decline in passenger traffic would not have any effect on the coupon rate, nor would additional fringe benefits (hospitalization, welfare, etc.), if granted, have any effect. For each 5¢ increase in direct wage cost the coupon rate would be increased 1¢. The same formula would apply in reverse should wages decrease, i.e., coupon rate would be decreased 1¢ for every 5¢ an hour decrease in wages. In connection with the wage situation, Mr. Keeshin stated he did not believe wages would increase much higher than they are at present but should inflationary trends continue after the third year and thus create a cause for demanding additional compensation, he thought the hourly wage increase would not exceed 10¢ an hour in the fourth year and 10¢ an hour in the fifth year. This in effect would mean that the coupon rate during the fourth year could be $1.25 and during the fifth year $1.27. However, Mr. Keeshin did not state positively and would not guarantee what the ceiling rate would be during the fourth and fifth years.

PLAINTIFF'S EXHIBIT 2 (Continued)

Baggage Transfer: Baggage would be handled between stations in 20 ft. trailers on a two hour basis which in effect would mean four pick ups and four deliveries daily, two in the morning and two in the afternoon. Baggage from incoming trains would be handled to or near the tail gate of the trailers by baggage room personnel, loaded by Keeshin drivers and thence moved to a central consolidating station for sorting and ultimate delivery to respective stations. Mr. Keeshin is convinced that the use of trailers for baggage transfer is definitely better than a so-called straight 12' or 14' body truck. He also stressed that union labor regulations do not restrict the driver from loading and/or unloading trailers. With respect to manifesting and receipt of baggage, Mr. Keeshin stated verbally the same procedure as presently in effect would apply.

Passenger Transfer: Mr. Keeshin proposes to use eight-passenger station wagons (Ford) with automatic shift, air conditioning and equipped with mobile radio units for facilitating the dispatch of equipment between stations. Approximately 60 units would be acquired for passenger service.

Mr. Keeshin estimates the amount of capital required to furnish all facilities and equipment would approximate $500,000. In addition, he intimated a working fund of about $200,000 would be necessary to start this operation. Any questions concerning his credit and financial responsibility can be answered by Mr. James U. Snydacker, Vice President of the First National Bank of Chicago. Approximately ninety days will be necessary to acquire sufficient equipment to commence operation and equipment would be replaced every thirty months. The company would be operated separately and independently and would not be integrated with any other organization in which Mr. Keeshin is interested. Books would be available for examination or inspection by the railroads as they will be audited by a reputable certified public accounting firm.

Mr. Markin's proposal submitted in writing on March 15, 1955 and elaborated upon and amended verbally on May 19th is basically as follows:

Contract Term: Expiration December 1961 - actually 6½ years from and after July 1, 1955.

Coupon Rates and Escalator Clauses: Originally Mr. Markin proposed a sliding scale for adjustment of coupon rates upward or downward after the first year depending on the amount of traffic handled. 1954 would have been the base year for rate adjustment purposes. However, on May 19th Mr. Markin verbally agreed to drop this particular clause from his proposal. Parmelee drivers belong to an independent union and negotiations covering wages are now in progress. Despite the outcome, Mr. Markin stated he would guarantee a rate of $1.20 per coupon for the first year. Commencing with July 1, 1956, an increase of 1 cent in the coupon rate would be made for each increase of three cents per hour in drivers wages. The same formula

PLAINTIFF'S EXHIBIT 2 (Continued)

would apply in reverse should drivers' wages decrease, i.e., the coupon rate would be reduced 1 cent for every 3 cents an hour reduction in drivers' wages. Mr. Markin has, however, put a ceiling on the coupon rate which guarantees that the rate, regardless of wage increases, will not exceed $1.25 at any time during the term of the contract, i.e., December 1961.

Baggage Transfer: Baggage would be handled as at present (twice daily - morning and afternoon) on straight body trucks. Mr. Markin does not believe a trailer operation would be feasible, stating that facilities at depots are not adequate to accommodate trailers without considerable congestion. He further stated that any savings which might be effected by trailer operation would be offset by additional cost of loading and unloading by railroad baggage employees as tractor drivers are not permitted by the Union to help load or unload. Sorting and manifesting of baggage would be done by railroad employees. (This might require an additional railroad baggage employee.) Presently, manifests are made by the Parmelee driver.

Passenger Transfer: Parmelee proposes to use present type seven-passenger and twelve-passenger limousines for transfer of passengers and will commence replacing the present limousine equipment with new limousines as soon as possible.

Mr. Markin estimates that the purchase of new and larger equipment for transporting both passengers and baggage will require the expenditure of approximately $500,000 over a period of from six months to a year and he can only make this expenditure if he has a commitment from the railroads that will allow him to amortize it to December 31, 1961. This committee, the same as other committees in the past, requested an opportunity to inspect the Parmelee Company's books but again their request was turned down by Mr. Markin.

On Friday, May 20, Mr. Markin of the Parmelee Transportation Company phoned the committee that after reviewing the proposal which they presented on Thursday which we have mentioned above, that they desired to amend their proposal as follows:

"The base rate shall be established at $1.20. There shall be an increase of 1¢ for each 3¢ increase in the cost of labor. The maximum rates under this formula are as follows:

For the year commencing July 1, 1955 - - $1.20
For the year commencing July 1, 1956 - - 1.22
For the year commencing July 1, 1957 - - 1.23
For the year commencing July 1, 1958 - - 1.24
For the year commencing July 1, 1959 - - 1.25
For the year commencing July 1, 1960 - - 1.25

PLAINTIFF'S EXHIBIT 2 (Continued)

- 4 -

"To date, Parmelee has served the railroads for 102 years with no written contract, only the railroads' verbal commitment. We are still ready to honor the verbal commitment of the railroads for the next five years as per our understanding, without a written contract unless the railroads desire to have such a contract."

While Mr. Willett in the beginning of the negotiations made a proposal, it was not as comprehensive and complete and in the opinion of the committee, it seemed that a thorough investigation had not been made as to what the necessities and requirements were in connection with the transfer of passengers and baggage between stations. Consequently, it was the consensus of the committee that Mr. Willett could not be considered as a sincere bidder.

While there are a number of other details concerning operating procedure in both Keeshin's and Parmelee's proposals, the differences are relatively insignificant and would represent but a very small proportion of the total price paid for transfer service by the railway companies.

In considering these two proposals the committee will no doubt have to bear in mind the possibilities of what they will be paying each fiscal year up to and including December 31, 1961.

Parmelee's amended proposal would provide the same coupon rate as Keeshin for the first three years, however, Parmelee's proposal for the fourth year will have a maximum rate of $1.24 whereas effective July 1, 1958 under Mr. Keeshin's proposal, if he did have to increase his drivers' hourly rate 10 cents per hour the coupon rate could be $1.25.

In the fifth year, if Mr. Keeshin is again forced to increase his drivers' wages 10 cents per hour, the coupon rate could be increased another 2 cents or $1.27 whereas under Parmelee's proposal it would be $1.25 from July 1, 1959 until December 31, 1961.

Mr. Keeshin's five year contract would expire on June 30, 1960 and as to what his proposal might be for the period July 1, 1960 until December 31, 1961 and thereafter, it is, of course, problematical whereas under the Parmelee agreement we know that the maximum charge per coupon would be $1.25.

While no doubt the entry of the Keeshin and Willett Transportation Companies has had a very weighty effect in negotiating transfer arrangements between stations in Chicago, we feel that we must take into consideration that the Parmelee Transportation Company has been handling the transfer of passengers and baggage between stations in Chicago for over 100 years,

PLAINTIFF'S EXHIBIT 2 (Continued)

their organization should be well qualified from their experience and background and considering that their rate per coupon could possibly be less than Keeshin's proposal, also the fact that the railroads have been quoted a ceiling for the cost per coupon until December 31, 1961 regardless of wage awards, it is our views and recommendation that we be permitted to cast a vote in favor of the Parmelee proposal.

J. R. BRENNAN

cc: Mr. T. L. Norton

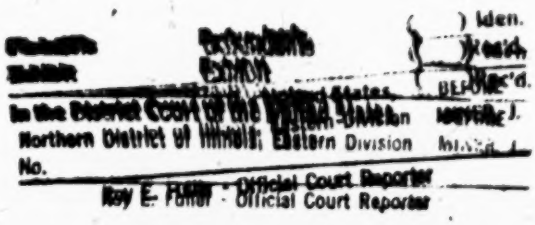
PLAINTIFF'S EXHIBIT 3

FH

Zuman # 3 id

JG C 3 v 3

AUG 1



Memorandum of my conversation with Hugo Cross, Commissioner, Interstate Commerce Commission, at 4:15 p.m. Friday, May 13, 1955

Hugh Cross stated that he was very much interested in seeing that J. L. Keeshin got the new contract with the railroads here in Chicago to handle baggage and people between the various stations. He understands the contract expires July 1st and there are three bids for the new contract—Willett, Parmelee and Keeshin.

The bid Keeshin has proposed is $1.20, which is 2¢ lower than what we are now paying. In other words, we are paying $1.22. For every 5¢ an hour wage increase they will only increase 1¢ an hour but they will not go higher in three years than 3¢ even though the wage increase might be higher than 3¢ an hour. Parmelee came down and met the $1.20 but there are some jokers in their proposal in that their contract states that for every 1% decrease in receipts there will be a 1¢ raise in tickets, which clause is not in Keeshin's bid.

In addition, Keeshin offers eight passenger station wagons, heated in the wintertime and air conditioned in the summer, they would put any suggested name on them the railroads decide upon, they would handle baggage every hour on the hour between the various stations, and they would have representation here in Chicago as against the absentee representation by Parmelee.

He also stated that Keeshin's proposal was backed up by the First National Bank and they would get new equipment every three or five years (I am not positive but I believe he said every three years).

P. H. F.

May 13, 1955

PLAINTIFF'S EXHIBIT 4

WESTERN UNION

TELEGRAM

W. P. MARSHALL

C & NW RY

•PA667 WM00

W BGA022 NL PD=BG BETHESDA MD 25=

:HON P E FEUCHT= 1955 MAY 25 PM 4 53

CHICAGO AND NORTHWESTERN SYSTEM 400 WEST

MADISON CHGO=

EXPECT TO BE IN CHICAGO BETWEEN MAY 31 AND JUNE 2 AT WHICH TIME I SHALL CALL STOP HOPE I MAY HAVE A SHORT CHAT WITH YOU=

HUGH W CROSS=

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

N.W-F161

PLAINTIFF'S EXHIBIT 5

CHICAGO, May 27, 1955

A-

Mr. P. E. Feucht
President.

With reference to contract for transferring passengers and baggage between railroad stations in Chicago, the present contract with Parmelee Transfer Company expiring June 30, 1955:

The Passenger Traffic officers committee which has been negotiating consists of the following railroads, with Mr. Padrick, Chairman of the Western Passenger Association included:

New York Central
Pennsylvania
Illinois Central
Santa Fe
Baltimore & Ohio
C. & N. W.

The attached statement is a brief outline of the present arrangement with Parmelee and the arrangements proposed by Parmelee and by Keeshin. The Willett Company has indicated that they are no longer interested.

It is the view of our passenger people, and I understand the same view is held by the committee members from the other railroads, that Parmelee should be awarded the contract because of their years of experience, their financial integrity and the fact that they have given us a definite maximum of $1.25 per coupon after the fourth year of the contract.

R. O. Small ✓

Plaintiff's Exhibit 5 Defendant's Exhibit ( ) Identified ( ) Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
BEFORE WINER J
Roy E. Fahn, Official Court Reporter

	PARMELEE PRESENTLY	PARMELEE PROPOSED CONTRACT	KEESHIN PROPOSED CONTRACT
Contract Term	No contract	6 1/2 years to expire December 31, 1961	5 years to expire June 30, 1960
Coupon Rate			
Rate	$1.22	Base rate $1.20. For each 3¢ per hour increase in wages, coupon will be increased 1¢. Similar reduction in rate if wages decrease, but not less than $1.20.	1st year - $1.20 2nd year - $1.22 3rd year - $1.23 4th and 5th year - $1.23 plus 1¢ for each 5¢ per hour wage increase or less 1¢ for each 5¢ per hour wage cut.
Wage contract status		Negotiations in progress.	3 year contract settled early this year.
Maximum Rate		1st year - $1.20 2nd year - $1.22 3rd year - $1.23 4th year - $1.24 Thereafter $1.25	1st year - $1.20 2nd year - $1.22 3rd year - $1.23 4th year - No maximum 5th year - No maximum
Baggage Transfer			
Frequency	Twice daily - morning and afternoon	Twice daily - morning and afternoon, as at present	Four times daily - every two hours
Type of trucks	Straight Body	Straight Body (Is of the opinion that facilities at Depots inadequate for trailer use and will cause congestion.)	20 Foot Trailers (Baggage to be sorted at a consolidated station and distributed from there).
Preparing Manifests	Driver now prepares	Railroad employes to prepare. (This may require the hiring of one additional railroad employee).	Driver to prepare
Loading and unloading trucks.	Driver	Driver	Driver (Parmelee claims union rules prohibit Keeshin drivers from doing so.)

	PARMELEE PRESENTLY	PARMELEE PROPOSED CONTRACT	KEESHIN PROPOSED CONTRACT
Passenger Transfer Type of Equipment	7 and 12 passenger Limousines	7 and 12 passenger Limousines	60 - 8 passenger Ford stationwagons with automatic shift, air-conditioning and mobile radio units to facilitate dispatching.
Acquisition of new Equipment		Present equipment to be replaced within six months to one year. Present 12-Passenger Limousines placed in service latter part of 1952 and early 1953	90 days required to acquire equipment needed.
Frequency of replacement of vehicles - baggage and passenger		New equipment to be acquired and amortized to end of contract term.	Vehicles to be replaced with new vehicles every 30 months.
Examination of books by railroad	Railroad not permitted to examine.	Will not permit.	Books will be audited by reputable C.P.A. firm each year and open for railroad inspection. Accounts to be kept separate from other Keeshin operations.

PLAINTIFF'S EXHIBIT 5 (Continued)

N.Y.-F 15

PLAINTIFF'S EXHIBIT 6

Subject: Parmelee Transfer at Chicago.

Chicago, January 7th, 1955

D Y-3

Mr. J. . Duffy:

Referring to our memorandum of April 27, 1954, file Y-3, advising of agreement made with Parmelee Transportation Company through June 30, 1955, and our later memorandum of October 7, 1954 advising that the coupon rate from July 1, 1954 through June 30, 1955 would be $1.22, children's coupon rate 61¢, and furlough coupon rate 85¢,

A committee consisting of the line in each terminal paying largest amount to Parmelee was appointed to contact other transfer companies in Chicago capable of performing the operation to ascertain if a lower price could be secured for transferring passengers and baggage between Station in Chicago. A memorandum was prepared outlining the transfer problem and presented to each of the companies contacted and an interview was arranged with the companies interested to answer their questions and progress the matter. We have received a bid from Mr. J. L. Keeshin for transfer of passengers and baggage at charge of $1.20 per coupon, with an escalator clause, and the bid also includes proposal that station forces load and unload trailers which would be hauled between stations by tractors -- loading and unloading with our own men would be additional expense for the carriers. A bid was received from the Landon Co. for the transfer of checked baggage only. The Railway Express Agency advised that they would only be interested in the handling of baggage, and this they would do on a 15% plus cost basis.

The committee is still waiting for a proposal from the Gillette Company, and from Mr. Sid Engelhart of New York. When these last two proposals are received they will be presented along with the others to the Chicago Terminal Lines, however, the committee working on the problem did not feel that a change should be made in contractor unless there is a substantial reduction in price.

The Parmelee Co. has been advised of request made on other contractors for bids made for transfer service, and it has been suggested to them that they come up with a better proposition for the transfer service after July 1, 1955.

. . Anderson

JL:pjr

PLAINTIFF'S EXHIBIT 7

• MEMORANDUM •

Chicago, February 15, 1955

D Y-3

SUBJECT: Transfer Arrangements - Chicago

Mr. R. T. Anderson:

At meeting of Chicago Terminal Lines February 1st, report of committee studying transfer arrangements at Chicago was submitted. Chicago Terminal Lines were advised that we had received one bid for transfer of passengers and baggage from Kenshin at approximately same rate Parmelee is now charging, and one bid for transfer of baggage only. Chairman Padrick advised lines present that it was the view of the committee studying the transfer arrangements that a change in operators should not be considered unless, say, bid of $1.10 or $1.00 including baggage was submitted by some transfer company.

Up to this time, the Willett Motor Coach Co. had indicated interest in submitting a bid, but had delayed submission in order to study the matter carefully. Mr. Willett is a personal friend of Mr. Feucht of the C&NW. On Feb. 3rd, the Willett Motor Coach Co. wrote to Mr. Bone submitting bid of $1.10 to transfer passengers and their baggage. Very few details were incorporated in their bid other than statement that they would furnish 6 and 10 passenger vehicles in their service, no information was given as to how they propose to handle baggage transfer, etc. Mr. Bone has called a meeting of the committee studying the transfer arrangements for Wed. February 23rd. [redacted] He called me yesterday about Willett's submission stating that he thought that it was inspired by some terminal line as a result of the statement made by Chairman Padrick. I had the same impression that someone had advised the Willett Co. [redacted] amount to bid.

Mr. Bone thinks that we should go very slow on any change in operators. We have had no word from Parmelee about any increase or decrease in charge for coupon although they have been advised by Mr. Padrick of the study being made and told that we believe they should come up with some changes that will reduce the transfer cost.

J. L. S.

JLS:kek

PLAINTIFF'S EXHIBIT 8

Chicago, March 18, 1955

D Y-3

SUBJECT: Parmelee Transfer at Chicago

Mr. G. E. Duffy:

Supplementing our memo Jan. 7th, reporting on progress of committee of Chicago Terminal Lines studying transfer of passengers and baggage in Chicago.

That memo reported bid from Mr. Keeshin for transfer of passengers and baggage at $1.20 per adult coupon with an escalator clause based on drivers wages, and also including proposal that baggage be handled between stations by trailers which would involve rail station forces loading and unloading trailers. On March 4th, Willett Motor Coach Co. submitted bid on basis of charges now in effect with Parmelee, or $1.22 for adult, 61¢ for half fare children, and 85¢ military furloughs; Willett bid also proposed use of trailers for transfer of checked baggage.

Mr. Martin of the Parmelee Co. was advised about the request for bids from other contractors, and it was suggested to the Parmelee Co. that they come up with a better proposition for the transfer service after July 1, 1955. At a meeting of the committee yesterday he submitted the following proposal based on contract with Chicago Terminal Lines from July 1, 1955 to December 31, 1961, long term agreement with drivers and acquisition of new equipment for passenger transfer and baggage service to be amortized over five year period:

(1) Effective July 1, 1955, reduce adult coupon rate from $1.22 to $1.20.

(2) Effective with July 1, 1956, coupon rate to be increased or decreased 1¢ for each 3¢ per hour increase or decrease in drivers wages.

PLAINTIFF'S EXHIBIT 8 (Continued)

Mr. [illegible] - 2 -

(3) Effective July 1, 1956, increase coupon rate 1¢ for each 1% decrease in number of coupons honored or decrease coupon rate 1¢ for each 1% increase in number of coupons honored. This computation to be based on the coupons honored during the period July 1, 1954 through June 30, 1955, with each adult coupon being counted as one unit, half fares at 1/2 unit, and furloughs at 1/10 of a unit. No adjustment to be made during the period July 1, 1956 through June 30, 1956, account changes in cost of labor or reduction in coupons.

Proposals involving use of trailers are unsatisfactory because none of the terminals can handle them and, in addition, loading and unloading by the carriers would increase our cost considerably.

Our present letter agreement with Parmelee is effective until June 3 , 1955, and while we have previously operated without a contract, it is felt that Mr. Markin is entitled to a contract because of the expense to be incurred in acquiring forty new 12-passenger vehicles and twenty-five new 5-passenger vehicles to replace the 5,7 and 10 passenger vehicles now being used; the other bidders also requested a contract for at least a five year period.

Twelve operators in Chicago considered to be of sufficient size and financially able to perform the transfer service were contacted and only two firm bids were received both on approximately same charge per coupon as Parmelee, but both objectionable because of the additional expense for us in connection with loading and unloading of the trailers for handling checked baggage.

The NYC thought that we would be faced with a request for an increase in the coupon rate from any new contractor if the transfers decrease very much, and they did not see too much objection to failure to include in the proposal a ceiling on the coupon rate, which Parmelee proposes to increase or decrease as outlined in Items 2 and 3 above. Assuming one million transfers during the base period and a 20% decrease in traffic in one of the later contract years, the coupon rate would increase from $1.20 to $1.40 and the total

PLAINTIFF'S EXHIBIT 8 (Continued)

payment to Harmelee would be 93.3% of the amount paid during the base period; foregoing assumes no change account wage rates.

Entire matter will be considered at a meeting of all Chicago Terminal Lines sometime within the next thirty days for response to Mr. Markin.

R. T. Anderson

JJF:kek

PLAINTIFF'S EXHIBIT 9

In the District Court of the United States, Northern District of Illinois, Eastern Division

• MEMORANDUM •

Chicago, May 23, 1955

D Y-3

SUBJECT: Parmelee Transfer at Chicago

Mr. G. E. Duffy:

Supplementing our memorandum of March 18th, and previous advices about progress of committee of Chicago Terminal Lines studying transfer of passengers and baggage in Chicago.

The committee met Thursday morning with Mr. J. L. Keeshin, and Thursday afternoon with Mr. M. Markin, to review their proposals. We understand that Mr. Keeshin has appealed to the executives of the B&O, Penna., C&NW, and possibly other lines for favorable consideration of his bid. Mr. Keeshin passed a statement around at the meeting showing the amount of freight revenue billed through the truck rail terminal in Chicago which he operates - Penna. received the largest revenue over $1,000,000, other carriers in Eastern territory and carriers operating between Chicago and St. Paul received large amounts - Santa Fe received approximately $3,000 revenue.

Mr. Keeshin proposes to furnish air conditioned, radio-phone controlled 8-passenger station wagons supplemented with some larger equipment for the transfer of passengers, and 20-foot trailers on a two hour dispatch for the transfer of baggage. Coupon rate for the transfer of passengers and baggage will be $1.20 for the first year, $1.22 for the second year, $1.23 for the third year, the coupon rate for the fourth and fifth years to be increased 1¢ for each 3¢ of wage increase. If Mr. Keeshin is the successful bidder, the drivers would come under a different union and would have to pass a physical examination - Mr. Keeshin is positive there will be no union difficulties.

We have operated with Parmelee without a contract, but it is felt that in view of expense to be incurred in acquiring new equipment, the operation should be covered by contract after expiration of present letter agreement June 30, 1955. Mr. Markin now submits a proposal of $1.20 for transfer of passengers and baggage

PLAINTIFF'S EXHIBIT 9 (Continued)

Mr. C. E. Duffy -- 2.

effective July 1, 1955, with an increase of 1¢ in the coupon rate for each 3¢ of wage increase, with a maximum of a 5¢ increase over the five year contract and a maximum coupon rate in each year as follows: July 1, 1956, $1.22; July 1, 1957, $1.23; July 1, 1958, $1.24; and July 1, 1959 through June 30, 1960, $1.25.

Mr. Markin states that he will spend $500,000 in the next 18 or 24 months if he is successful bidder to replace trucks with a new type of vehicle and to add thirty new 12-passenger limousines to his present fleet of 20 which will enable the retirement of the older 7-passenger limousines. The other Parmelee services will be continued unchanged, baggage transfers being handled on a two-a-day basis which has been satisfactory.

There will be a final meeting of the committee on June 3rd to submit a recommendation to all Chicago Terminal Lines. We propose to recommend the continuance of our arrangement with Parmelee because of our long association with that company and its satisfactory transfer of our passengers and baggage between terminals. We believe that the proposal submitted by Mr. Markin is superior to the proposal submitted by Mr. Reeshin because we have assurance of a maximum coupon rate in the fourth and fifth years, and in addition, we will avoid the possibility of labor trouble in connection with operation by a new company with different union.

R. T. Anderson

JLS:kek

PLAINTIFF'S EXHIBIT 10

Plaintiffs Exhibit 10 Defendants Exhibit Iden. Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.
No.
Roy E. Fuller - Official Court Reporter

AUG

Chicago, June 6, 1955

Y-3

AT

Subject: Transfer Between Stations at Chicago

Mr. G. M. Duffy:

Referring to our memorandum of May 23rd, and verbal instructions given Mr. Sloan.

The committee of Chicago Terminal Lines, studying transfer of passengers and baggage between stations in Chicago, met Thursday, June 2nd, and inspected the equipment which Mr. E. L. Keeshin proposes to use if he is given the contract. Mr. Keeshin showed the committee: Ford 8-passenger station wagon; Mercury 7-passenger station wagon; a small bus type vehicle with space for eight passengers manufactured in East Germany called the "Volkswagen"; a 23-passenger bus, and trailer and tractor equipment.

The committee met again Friday, June 3rd, and voted unanimously to make a five year contract with Mr. Keeshin. On request of the committee, Mr. Keeshin appeared and answered to the satisfaction of the committee the following questions:

1. Continuity of service.
   Mr. Keeshin was asked if he had any intention of disposing of the organization before the end of the five year contract. He stated that it was his intention to retain the organization for himself and that by trust agreement set up at First National Bank, this proposed organization and his other organizations will be continued intact for ten years after his death, at which time, if desired by his family the ownership can be transferred to others with employees given first opportunity to purchase.

2. Maximum coupon rate in fourth and fifth years.
   Mr. Keeshin's contract with his union organization has three years to run, and the coupon rate of $1.20 first year, $1.22 second year, and $1.23 third year has been quoted on the basis of the three year contract. His original proposal provided for an increase in the coupon rate in the

PLAINTIFF'S EXHIBIT 10 (Continued)

Mr. C. E. Duffy -- 2.

fourth and fifth years of 1¢ per each 5¢ wage increase. He was willing to include maximum of 2¢ increase in each of the fourth and fifth years, but recommended against it because the drivers would surely learn about it and demand the maximum increase in their wages. In place of guaranteed coupon rate he agreed to negotiate with the carriers on the fourth and fifth year coupon rates before agreeing to any increase in wages and will open his books and furnish financial statements annually.

A letter was sent to the Chicago Terminal Lines, Friday, calling a meeting for June 13th, and including a recommendation from the committee that a five year contract be entered into with the Keeshin organization. As the lines on the committee pay over 68% of the total transfer bill, we are confident that the committee recommendation will be approved. The members of the committee stand ready to file individual notice that they will make a contract with Mr. Keeshin.

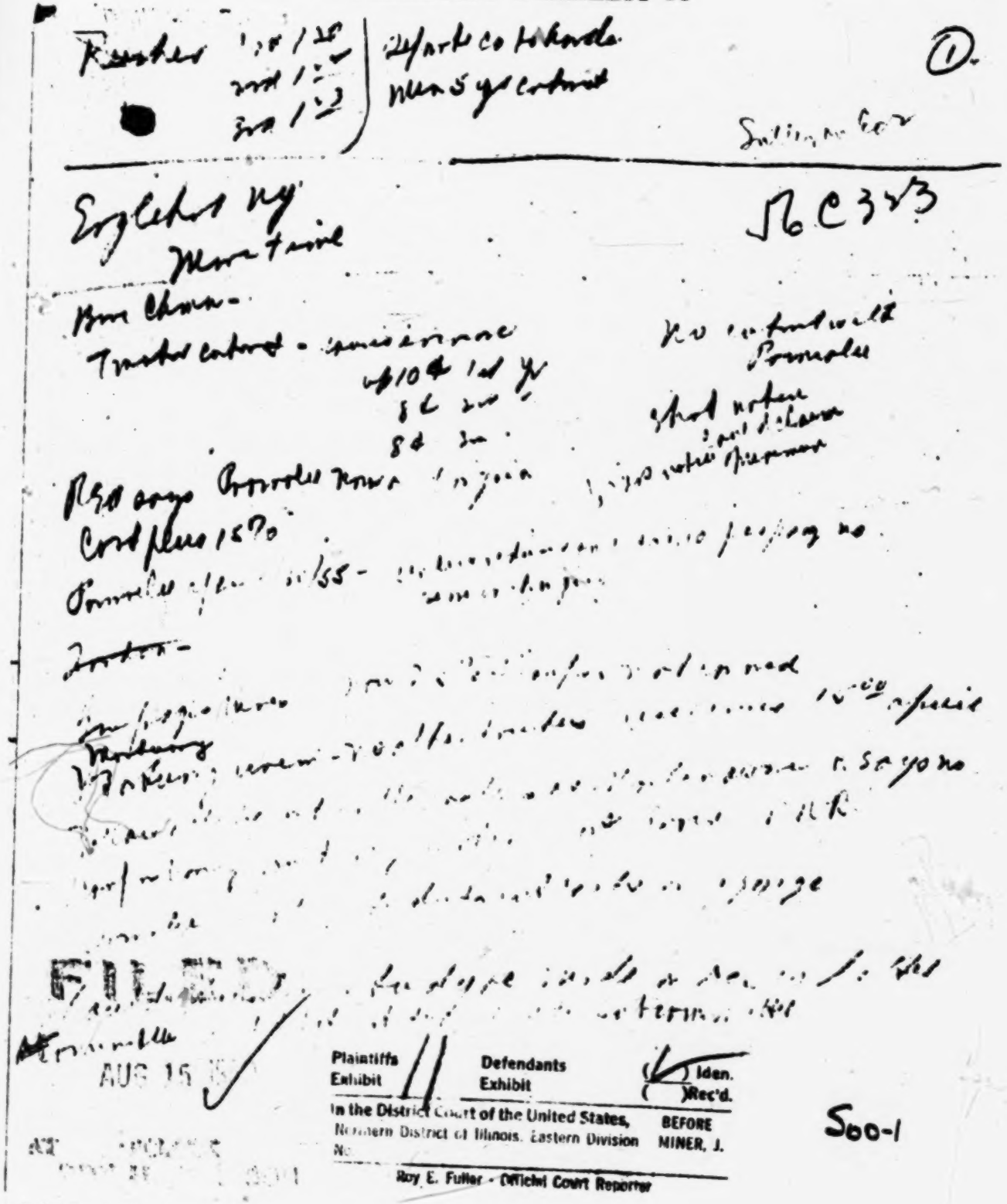
Mr. Keeshin requests 90 days to prepare to take over the transfer service, but to insure against emergency should Carmelee discontinue operation July 1st, he has placed an order with Litsinger Motors in Chicago, and confirmed it with the Ford Motor Company, for fifty 5-passenger station wagons, ten 7-passenger station wagons, and two station wagons to handle remains, also truck equipment to handle checked baggage.

R. T. Anderson

JLS:kek

(2)

PLAINTIFF'S EXHIBIT 11



Plaintiffs Exhibit 11 — Defendants Exhibit — (✓) Iden. ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.

No.

Roy E. Fuller - Official Court Reporter

PLAINTIFF'S EXHIBIT 12

Minneapolis, Minn.,
February 3,1955

Meeting of Chicago Terminal Lines, Tuesday, February 1st

Chairman gave a resume of the work of the committee endeavoring to secure some alternative proposal to the present Parmelee transfer set-up.

The only proposal received covered baggage transfer only and it in most cases would be as expensive as the present Parmelee deal covering baggage and passengers. The Railway Express Agency made the statement that we were getting a good deal at present and that they would not touch the proposition for anything less than cost plus 15 percent.

The consensus of the meeting seemed to be there would be no point in disturbing the present relationship unless we could reduce the price to around $1.00 or $1.10.

The Chairman pointed out that because of a strong Union situation among the drivers of mortuary cars in Chicago, Parmelee was the only outfit who could handle remains between depots. If we secured the services of some other firm it would be necessary that remains be handled between depots in hearses at $15.00 per trip minimum.

The Chairman had conferred with Mr. Markham of Parmelee, who also owns the Yellow Cab and Checker Cab Co. in Chicago, regarding the possibility of having these Cab Companies honor coupons. Mr. Markham refused to do so because he was afraid honoring coupons would make the Cab Company subject to the Interstate Commerce Act and his cab drivers eligible for Railroad Retirement. Another alternative on passengers would be to furnish cash for coupons in a manner similar to that done during the Parmelee strike. It was estimated by the Chairman that 25% of the Parmelee coupons issued for transfer thru Chicago were not honored by Parmelee. It was felt that if cash was given passengers 100% of the coupons would be redeemed and no saving would result.

P.H. Sullivan

B-L

12

56 C 373

500-2

PLAINTIFF'S EXHIBIT 13

February 13, 1956
Minneapolis, Minnesota

Mr. R. F. Berndt:

Yours February 6, file M-416.

We have investigated the operations of the Railway Transfer Service and have been advised as follows: "It does not follow schedule, does not make the required number of pick ups and deliveries and on some occasions baggage lays over at B&O station over night, also, not adhering to contract."

Mgr., Mail, Baggage, Milk & Express Traffic

WLF/yw

PLAINTIFF'S EXHIBIT 14

AUG 15 19[illegible]

AT ___ O'CLOCK
ROY E. FULLER

STATE OF MARYLAND } ss
CITY OF BALTIMORE }

Plaintiff's Exhibit 14 Defendant's Exhibit — Identified / Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.
No.
Roy E. Fuller - Official Court Reporter

R e323

Howard E. Simpson, being duly sworn, says: I am President of the Baltimore and Ohio Railroad Company. During the spring of 1955 Mr. Hugh Cross, a member of the Interstate Commerce Commission, in the course of a conversation with me, asked if I was familiar with negotiations of the railroads in Chicago with respect to the transfer of passengers and baggage between railroad stations in that city. I told him that our passenger traffic officers had informed me sometime previously that the then existing contract with the Parmelee Company for this transfer service would expire during 1955, and that the passenger officers of all the Chicago railroads were then considering what arrangements should be made for continuing the service thereafter, but that I did not know any of the details. In response to his further inquiry if I would find out the status of the matter and let him know, I later ascertained from our passenger officers that the Chicago lines had requested competitive bids for the transfer service after the Parmelee contract expired, and I relayed this information to him by telephone, for which he thanked me. To the best of my recollection, Mr. Cross inquired about developments in the matter a couple of times later on in conversations with him on other things.

At no time in any conversation did Mr. Cross endeavor in any way to influence me with respect to the transfer arrangements that should be made in Chicago or that the Chicago lines were considering, and I had no knowledge of him having any arrangement to join Keeshin or any other company.

Howard E. Simpson

Sworn to and subscribed before me this 11th day of November 1955.

Fred N. Hen[illegible]

PLAINTIFF'S EXHIBIT 15

56C3x3

Plaintiff's Exhibit 15 Defendants Exhibit
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Roy E. Fuller - Official Court Reporter
Iden. Rec'd.
BEFORE MINER, J.

AFFIDAVIT

AT

STATE OF MARYLAND)
) ss
CITY OF BALTIMORE)

Howard E. Simpson, being duly sworn, says:

1. I am president of the Baltimore & Ohio Railroad. My office is in Baltimore, Maryland.

2. This affidavit is made to supplement an affidavit I executed on the 11th day of November, 1955 relating to some conversations had with Mr. Hugh Cross regarding the arrangements for the transfer of passengers and baggage between railroad stations in Chicago, Illinois.

3. My first conversation with Mr. Hugh Cross on this subject took place in my office in Baltimore, Maryland, following his prior telephone request for the appointment.

4. Other subjects were mentioned in my office on the date of that appointment but as no one of them was emphasized more than the others I attached no particular significance to any of them, and it was not apparent to me from our conversation what Mr. Cross' reason may have been for seeking the appointment.

5. The other conversations mentioned in my previous affidavit took place subsequent to this original conversation in Baltimore.

Howard E. Simpson

Sworn to and subscribed before me this 21 day of December 1955.

Notary Public

PLAINTIFF'S EXHIBIT 16

Baltimore, Md., April 11, 1955

SUBJECT: Parmelee Transfer at Chicago

FILE

Mr. H. E. Simpson:

Your inquiry of Mr. Whittington concerning the status of the Parmelee transfer of passengers and baggage at Chicago.

In 1942 the 75¢ charge of Parmelee for transfer of passengers and baggage at Chicago was increased to 85¢, and after the war the charge was successively increased to $1.00, $1.12, $1.20 and on January 1 this year to $1.22. In fact, each time Parmelee commenced wage negotiations with their employees they have also begun negotiations with the railroads for an increase in the charge. Another factor has been the decline in volume of traffic in recent years and the inability of Parmelee to make commensurate reductions in their expenses.

The general question of the cost of transferring passengers and baggage between stations at Chicago has been under almost constant survey by the Committee of Terminal Lines in an effort to see what could be done to reduce the cost to the railroads. These surveys have included not only detailed studies of the Parmelee service for both passengers and checked baggage, but also formal inquiry has been directed to all other companies in the Chicago area which could possibly perform either the passenger or the baggage transfer service, asking that they submit bids. The Gray Line, Chicago Transit Company, Willett Coach Lines, Hertz and others have examined the passenger transfer, but have been unable to come up with any proposal that would be attractive to the railroads.

In addition, the Railway Express Agency, the contract P&D freight carriers and others have studied the baggage transfer, but none have submitted proposals which the railroads could consider. The only way the REA would handle the baggage would be on a cost plus basis.

The rail lines are transferring between stations at Chicago approximately 1½ million passengers annually. Checked baggage transferred totals about 90,000 pieces. The competitive nature of better than 90% of the traffic moving through Chicago has resulted in the railroads absorbing the transfer charge except in very few instances on nearby points of origin or destination. For our railroad our Parmelee bills are currently averaging about . . . . . $5,000 a month, and this is slightly lower than in previous years, because of the gradual decline in traffic.

During the past year considerable study has been given to the possibility of generally adding the transfer into the through fare paid by the passenger, but because of the competitive situation a majority of the

B+O 63

PLAINTIFF'S EXHIBIT 16 (Continued)

-3-

lines refuse to do this. Another proposal was to exempt the more important competitive territory and add the charge elsewhere. In checking this we found that if we exempted points on the New York-Washington line, plus Pittsburgh, Akron and Youngstown, where we have competition, better than 90% of our traffic was from and to such points and the situation would be little different from that which now exists.

Another suggestion was to add a 50¢ "terminal charge" to all fares via Chicago to help offset the Parmelee bills. The thought here was that this charge would be added in on through rates regardless of whether there was actually a Parmelee transfer, but it was considered doubtful this could be gotten by the Commission, or if a terminal charge could be justified at Chicago the question of such charge at St. Louis and other points would immediately become involved.

Our present understanding with Parmelee expires June 30, 1955. We do not now have a formal contract, but the understanding between Parmelee and the railroads are covered by correspondence only. However, Parmelee has now asked for a formal contract for five years with the charge to the railroads tied to increases in wages of Parmelee and decreases in volume of the traffic as indicated by the following items suggested by Parmelee for consideration by the railroads:

1. That the railroads, by written agreement, will continue with our services until December, 1961.

2. That commencing with July 1, 1956, an adjustment of the coupon of one cent (1¢) for each increase or decrease of three cents (3¢) per hour in wages of the driver employees and that such adjustments shall continue yearly thereafter until the expiration of this contract.

3. That commencing with July 1, 1956, and yearly thereafter on July 1, the price of the coupon will be increased one cent (1¢) for each one per cent (1%) decrease in the number of coupons received by Parmelee during the base period, and the price of the coupon will be decreased one cent (1¢) for each one percent (1%) increase in the number of coupons received by Parmelee during the base period.

4. That the basis for such computation should be established by the number of coupons received during the calendar year of 1954. In computing the total number of coupons the full fares shall be computed as one, the half fares computed as one-half and the furloughees shall be computed eighty-five one hundred twentieths.

5. That the baggage at all depots which is to be transferred by Parmelee shall be sorted and manifested by the railroads in triplicate.

PLAINTIFF'S EXHIBIT 16 (Continued)

-3-

6. That Parmelee will assume any increases in cost of labor between July 1, 1955 and June 30, 1956.

7. That Parmelee will assume any loss of revenue through the reduction in the number of coupons received between July 1, 1955 and June 30, 1956.

8. That the present coupon rate will be reduced from $1.22 to $1.20 as of July 1, 1955.

9. That the charges for all other services will remain the same.

The above proposal by Parmelee has not been formally submitted to the Chicago Terminal Lines, but has been discussed with the Chicago Sub-committee handling the transfer survey. The Sub-committee, on which we are represented, has not made its report to the Terminal Lines.

Parmelee now takes the position that much of its equipment is old and needs replacing with new and larger vehicles for transferring both passengers and baggage, and that only with such new and more modern equipment is there any possibility of reducing the cost and providing the type of service the railroads insist on. They say they will be required to spend about . . . . . $500,000 over a period of from six months to a year and can only justify this expenditure if they have a five year contract with the railroads.

Many of the rail lines will be reluctant to sign a long term contract in view of the various studies which are still being made of this situation, and the divergent views of the lines as to what should be done. This will, of course, be considered after a full report of the Sub-committee has been received. Our company, however, is in a position where, with no major Western Lines in Grand Central Station, practically all of our traffic has to transfer to and from other terminals. Our principal competitor, the PRR, is more fortunate in that the CB&Q, C.StP&P and the North Pacific Coast service of GN&P operates from Union Station without transfer being necessary.

One suggestion made from time to time is that we discontinue all passenger transfer and let the passengers use regular taxicabs at their own expense, but arrange for separate transfer of checked baggage. The difficulty with this is that many of the transfers are for close connections, and during inclement weather taxicab service just would not be available, while today Parmelee assumes responsibility for this service and generally does a good job.

Considering our company's competitive situation, we generally feel

PLAINTIFF'S EXHIBIT 16 (Continued)

-4-

A definite transfer arrangement of the type now effective is desirable, but we are currently awaiting the full report of the Sub-committee, after which the entire situation will be considered by all the Terminal Lines.

J. W. Phipps, Jr.

PLAINTIFF'S EXHIBIT 17

FRIDAY 19 8 55 APRIL

Good Friday

10:15 I.C.C. Commissioner Cross

~~10:30 P.M. DALTO. NATION~~ Postponed to Apr. 15-

Plaintiffs Exhibit	Defendants Exhibit	( ) Identified ( ) Received
In the District Court of the United States, Northern District of Illinois, Eastern Division No.		BEFORE MINER, J.

Roy E. Fuller - Official Court Reporter

FILED

AUG

56 C 373

AT ... CLERK

SIMPSON CLERK

PLAINTIFF'S EXHIBIT 17 (Continued)

THURSDAY 19 21 55 APRIL

111th Day — 254 Days to come

New York

10.00 - Mr. Wm Morris, Alco.

12.45 - [illegible] CONFERENCE

N.Y. Railroad Clubs - I.C.C. Night
6.00 - 7.00 - Reception - South Room - Commodore Hotel
7.00 - Dinner - Century Room
8.15 - Meeting

PLAINTIFF'S EXHIBIT 17 (Continued)

SATURDAY 19 23 55 APRIL

113th Day

292 Days to come

Baltimore

10.00 Am

PLAINTIFF'S EXHIBIT 17 (Continued)

FRIDAY 19 29 55 APRIL

119th Day — 246 Days to come

8.00 Washington ~~to Baltimore~~

7.30. Breakfast on Pres. Truhy's car. C & O. Washn Term.

9.45 - R.F & P.

10.15 - A.A.R.

Tr. B. Washn to Balto

PLAINTIFF'S EXHIBIT 17 (Continued)

WEDNESDAY 19 4 55 MAY

~~Bur. Jersey City~~ New York

9.30 - B. & O. Ex. Com.

11.30 - CERT Mtg - Sapphire Room, Pierre Hotel - N.Y.C.

~~B. & O. Ex. Com. - N.Y.~~

See Pres. Perlman after above meeting.

Tr. 523 - Jersey City to Jetto

PLAINTIFF'S EXHIBIT 17 (Continued)

THURSDAY 19 19 55 MAY

139th Day — Ascension Day — 226 Days to come

New York

9.45 - R.F.&P. Bd.

12.45 - EASTERN RAILROAD CONFERENCE

Tr. 3 - Jersey City to Balto

PLAINTIFF'S EXHIBIT 18

THURSDAY 19 21 55 APRIL

111th Day — 254 Days to come

New York

10.00 - Mr. Wm. Morris, Alco. 56 C 823

Plaintiff's Exhibit — Defendant's Exhibit — Identified / Rec'd

In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.
No.

Roy E. Fuller - Official Court Reporter

12 45 - EASTERN PRES. CONFERENCE - Rm. 119, Biltmore

AUG 1

N.Y. Railroad Club - I.C.C. Night
6.00 - 7.00 - Reception - South Room - Commodore Hotel
7.00 - Dinner - Century Room
8.15 - Meeting

DIARY OF SCHNELL, SIMPSON'S SECRETARY.

PLAINTIFF'S EXHIBIT 18 (Continued)

FRIDAY 19 8 55 APRIL

Week Day — Good Friday — 167 Days to come

Bo Himara

10.15 I.C.C. Commissioner Cross (Hall B-7460 Ext. 113) V

~~Injunction Hearing~~ ~~Date~~ ~~Time~~ ~~Judge~~ ~~Ctrm~~ HTG (Postponed to Apr. 15)

18 Defendants

In the District Court of ~~Shawnee~~ County, Kansas

Atty for Plff

Atty for Defts

MINER, L.

Reg. E. Fuller Official Court Reporter

PLAINTIFF'S EXHIBIT 18 (Continued)

SATURDAY 19 23 55 APRIL

1186 Day

331 Days to come

Baltimore

10.00 - Commissioner Cross, I.C.C.

PLAINTIFF'S EXHIBIT 18 (Continued)

FRIDAY 19 29 55 APRIL

Washington

7.30 - Breakfast on Pres. Truhy's car - C's O.
- R.F. & P. Board

~~Brd. R.~~

9.45 - R.F. & P. Board (use old Board Room)

10.15 - A.A.K.

Tr. & Washn to Balto

PLAINTIFF'S EXHIBIT 18 (Continued)

WEDNESDAY 19 4 55 MAY

1548 Day

341 Days to come

~~Tr. 12 Balto to Jersey City~~ New York

9.30 - B. & O. Ex. Com.

4.30 - Sapphire Room, Pierre Hotel - C.E.R.T. -
(To terminate at 2.30 or 3.00 p.m.)

~~B. & O. Ex. Coll. N.Y.~~ (Wed. 18th)

See Pres. Perlman, N.Y.C. following above meeting.

Tr. 523 - Jersey City to Balto.

PLAINTIFF'S EXHIBIT 18 (Continued)

FRIDAY 19 27 55 MAY

Washington

7.30 - Breakfast - Car 1-0 -

10.15 - A. A. R.

Col [illegible]
[illegible]
Tarrie
[illegible]
[illegible]
[illegible]
Tuesday
San George

~~2.00 FRUIT GROWERS EXP. CO. Ex. Com.~~
(Unable attend)

Tr. 504 - Washn to Balto.

To White Sulphur Springs

PLAINTIFF'S EXHIBIT 18 (Continued)

WEDNESDAY 19 7 55 SEPTEMBER

Baltimore
Call Hugh Cross

~~B. & O. Ex. con. Nat.~~

12.30- Pres. Edmund L. Grimes, Commercial Credit Co., in for luncheon
2.00- Bd. - Sav. Bank of Balto

PLAINTIFF'S EXHIBIT 18 (Continued)

THURSDAY 19 8 55 SEPTEMBER

Tr. 21 - Balto to Washn
~~Baltimore~~
Washington

11.00. Chairman Cross, I.C.C.
Also called on Commissioners ~~...~~son
and Tuggle

Tr. 50A - Washn to Balto

PLAINTIFF'S EXHIBIT 19

AFFIDAVIT

COUNTY OF COOK,
State of Illinois, ss:

I, Fred G. Gurley, do swear and depose as follows:

1. I am president and chairman of the executive committee of the Atchison, Topeka & Santa Fe Railroad Co. My office is in Chicago, Ill.

2. I have known Mr. Hugh W. Cross for 15 years, or since he became Lieutenant Governor of Illinois in 1940. During this time I have had a friendly but casual acquaintanship with him. We have never had a serious business discussion, and I probably have not engaged in casual conversation with him more than a half dozen times in the whole period. I have never had any business dealings with him, although of course, the Atchison, Topeka & Santa Fe Railway system is subject to regulation by the Interstate Commerce Commission, of which Mr. Cross has been a member for the past 6 years.

3. Mr. Cross has not talked with me about the transfer of the passenger and baggage transportation contract between railroad stations in Chicago from the Markin or Parmelee interests to the Keeshin interests, and he has not written or otherwise communicated with me on the subject.

4. Since the question was raised a few weeks ago by a Senate investigator, I have made inquiries among those members of the official staff of the Atchison, Topeka & Santa Fe Railway system who would be likely to know about the matter, and I have received reports that the same is true of them--they have had no communication, written or otherwise, with Mr. Cross regarding the transfer of the contract.

(Signed) Fred G. Gurley.

Subscribed and sworn to before me this November 8, 1955.

(SEAL)

(Signed) Wilbur L. Camp,
Notary Public, Cook County, Ill.

My commission expires September 15, 1956.

Curley Exh. 1

PLAINTIFF'S EXHIBIT 20

AFFIDAVIT

COUNTY OF COOK,
State of Illinois, ss:

I, Fred G. Gurley, do swear and depose as follows:

1. I am president and chairman of the executive committee of the Atchison, Topeka & Santa Fe Railway Co. My office is in Chicago, Ill.

2. This affidavit is made to supplement an affidavit which I executed on November 8, 1955, regarding the so-called Markin-Keeshin controversy.

3. Prior to the award of the station transfer contract in Chicago to Mr. Keeshin about June 15, 1955, I had heard rumors that Mr. Hugh W. Cross, a member of the Interstate Commerce Commission, was unhappy in Washington and contemplating resigning and returning to his native State of Illinois. Some time subsequently to this in the spring of 1955 I heard rumors and statements to the effect that Mr. Cross would become associated with the Keeshin organization if it should succeed in securing the transfer contract. I have had no conversation or communication of any kind with either Mr. Cross or Mr. Keeshin regarding the truth of these reports.

(Signed) Fred G. Gurley.

Subscribed and sworn to before me this November 10, 1955.

(SEAL)

(Signed) Wilbur L. Camp,
Notary Public, Cook County
Ill.

My commission expires September 15, 1956.

Plaintiff's Exhibit 20 — Defendant's Exhibit — Identified — Received
In the District Court of the United States, Northern District of Illinois, Eastern Division — BEFORE MINER, J.
No.
Ray H. Robb - Official Court Reporter

Curley Exh. 2

RC 373

CLASS OF SERVICE
This is a fast message unless its deferred character is indicated by the proper symbol

WESTERN UNION
TELEGRAM

W. P. MARSHALL, President

1201

SYMBOLS
DL = Day Letter
NL = Night Letter
LT = International Letter Telegram

The time time shown in the date line on domestic telegrams is STANDARD TIME at point of origin. Time of receipt is STANDARD TIME at point of destination

HB

.SE029 WM22 (55)...

W SNA026 GOVT PD=SN WASHINGTON DC 10 1053AME=

FRED GURLEY. PRESIDENT (REPORT DELIVERY)=

ATCHISON TOPEKA & SANTA FE RAILROAD= 1957 NOV 10 AM 10 1

30 EAST JACKSON BLVD CHGO=

YOUR AFFIDAVIT INCOMPLETE AND THEREFORE INADEQUATE AS SUBSTITUTE FOR PERSONAL APPEARANCE. YOUR PRESENCE REQUIRED TUESDAY. NOVEMBER FIFTEEN. IN ACCORDANCE WITH SUBPOENA PREVIOUSLY SERVED=

ROBERT F KENNEDY CHIEF COUNSEL SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS=

SF-2

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

PLAINTIFF'S EXHIBIT 21

PLAINTIFF'S EXHIBIT 22

3239

UNITED STATES OF AMERICA

Congress of the United States

To Mr. Fred Gurley

President, Acheson, Topeka & Santa Fe Railroad, 80 E. Jackson Boulevard, Chicago, Illinois, Greeting:

Pursuant *to lawful authority, YOU ARE HEREBY COMMANDED to appear before the* SENATE ~~Committee on~~ PERMANENT SUBCOMMITTEE ON INVESTIGATIONS OF THE COMMITTEE ON GOVERNMENT OPERATIONS *of the Senate of the United States, on* Tuesday, November 15, *1955, at* 9:30 *o'clock A. m., at their committee room* 101, Senate Office Building, Washington, D. C., *then and there to testify what you may know relative to the subject matters under consideration by said committee.*

Hereof fail not, *as you will answer your default under the pains and penalties in such cases made and provided.*

To .....

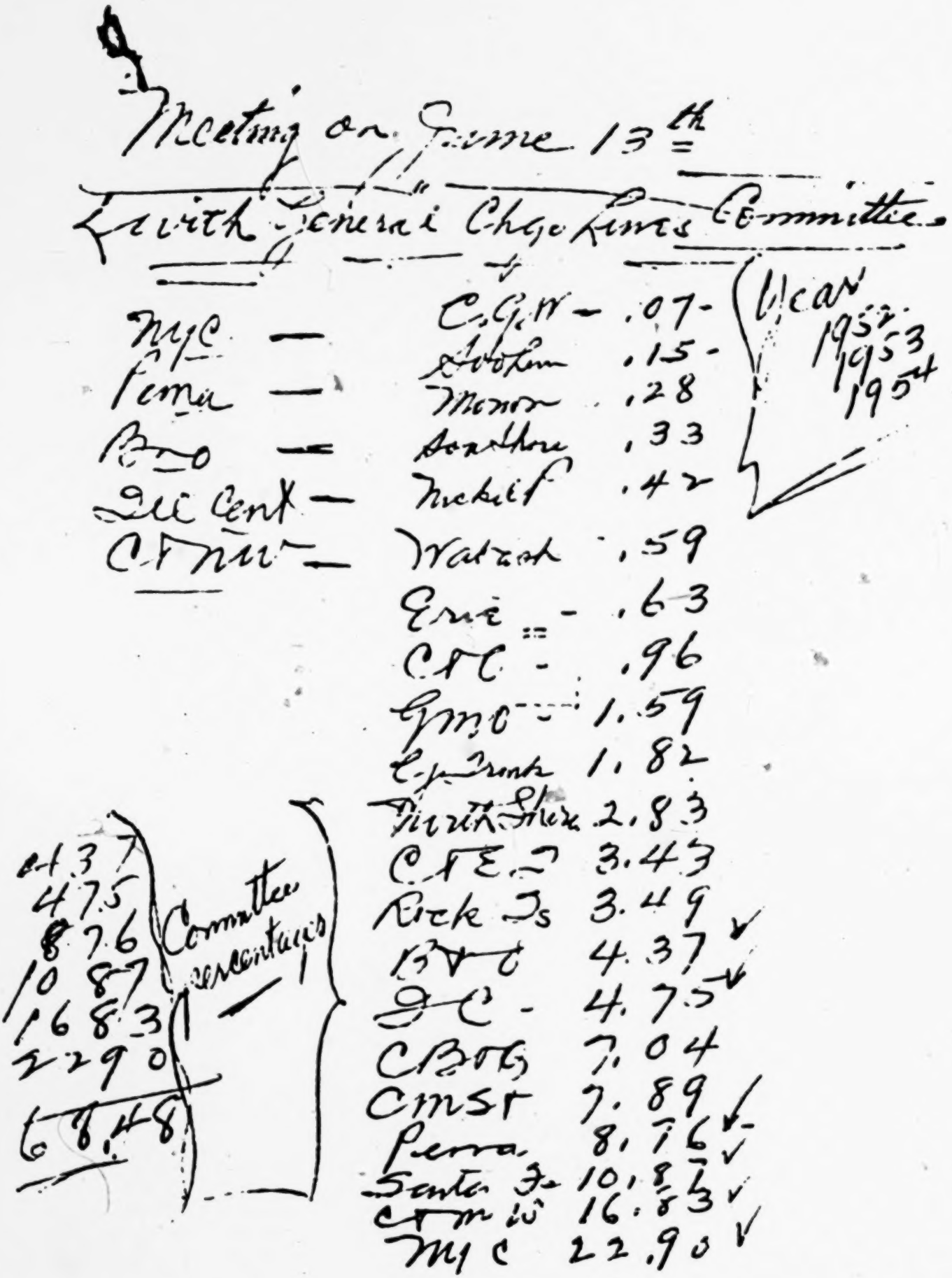
to serve and return.

Given *under my hand, by order of the committee, this* 4th *day of* November, *in the year of our Lord one thousand nine hundred and* fifty-five

John L. McClellan

Sub-Chairman, Committee on Investigations of the Committee on Government Operations

PLAINTIFF'S EXHIBIT 23



PLAINTIFF'S EXHIBIT 24

Form 300 Rev.

THE BALTIMORE AND OHIO RAILROAD COMPANY

Plaintiff's Exhibit
Defendant's Exhibit
Rec'd
In the District Court of the United States, Northern District of Illinois, Eastern Division
BEFORE MINER, J.
No. 76 C 3 43
Boyle, Finn - Official Court Reporter

FILED
AUG 15 1980
AT ... O'CLOCK
ROY H. ... CLERK

Wilson
#5

Averbeck assigned Kilroy's job
to work at Primary Tk. Pound
tie-up. Has assisted forming new
Separate Company - not accepted.
K'Keahi proposed not sufficient
Knows you point out to management
Image from Primary to Kilroy's
worse off if must load and unload
Trailers.
Art (PRR) - mentioned stapling of cars
Management act as intermediary
Trailer entitled, No penalties - Time

DTP
10/6

PLAINTIFF'S EXHIBIT 24 (Continued)

Form 300 Rebuilt

THE BALTIMORE AND OHIO RAILROAD COMPANY

(3) _____ 19__

Possession of Defendant's consent of use
for Work Train. Refused to
V.
Arrange for assessment of stipulated Damages
Order.

h30
107

PLAINTIFF'S EXHIBIT 25

MEMORANDUM

Chicago, Illinois
May 20, 1955

MEETING IN CHICAGO THURSDAY, MAY 19, 1955 OF SUB-COMMITTEE, CHICAGO TERMINAL LINES WITH KEESHIN AND PARMELEE TRANSPORTATION COMPANY ACCOUNT TRANSFER AT CHICAGO, ILLINOIS

Regular Sub-Committee of Chicago Terminal Lines, augmented by the presence of Mr. J. F. Whittington, General Passenger Traffic Manager and Mr. R. E. Coleman, Passenger Traffic Manager, Baltimore and Ohio Railroad; Mr. E. R. Comer, Passenger Traffic Manager, Pennsylvania Railroad; and Mr. J. R. Brennan, Passenger Traffic Manager, Chicago & Northwestern Railway, met with Mr. J. L. Keeshin and associates and Mr. Morris Markin and associates of the Parmelee Transportation Company to discuss the proposals submitted by them for the transfer of passengers and baggage and checked baggage between stations at Chicago and other special services allied thereto.

As showing below results of discussion of the proposals already submitted, together with other services which were not clearly outlined therein and would necessarily be included in a final understandings

J. L. KEESHIN

Mr. Keeshin referred to his original proposal of December 15, 1954 and his letter of April 6, 1955 confirming and clarifying some of the items contained in his previous letter. The charges for the two principal services, that is, transfer of passengers together with hand baggage by motor vehicle and the transfer of checked baggage by truck had been properly covered in his original proposal. However, there were other special charges which were discussed and which would have to be further confirmed by him. These latter charges are indicated by an asterisk (*) mark.

EQUIPMENT

Passenger

8, - Type

It is intended to purchase, to start operation, about fifty 8-passenger station wagons equipped with two-way radio control, power steering, power brakes and air-conditioning. Baggage will be stored on top of vehicle in rack properly

PLAINTIFF'S EXHIBIT 25 (Continued)

-2-

protected from the elements by a draw tarpaulin. In addition he intends to purchase ten 22 or 32 seat passenger buses.

b. - Schedule

A regular schedule will be set up to provide sufficient vehicles to meet all incoming trains. To take care of flow of business from stations, where it is sufficiently heavy, to other stations, buses will be utilized as well as for movements of special parties traveling together.

Baggage

a. - Type

He intends to purchase or utilize from presently owned equipment about forty 20 ft. trailers.
There is still some question as to whether or not our baggage room employees will load or unload the spotted trailers without cabs. This is permissible insofar as our company is concerned (letter of Mr. J. F. Whittington December 4, symbol 8, 1954). Or, his station agent and driver will perform this service.

b. - Schedule

He intends to perform a pick-up and delivery service on an every two hour basis from 8:00 AM to 5:00 PM, utilizing a central control point to which all baggage would be moved and sorted for ultimate delivery to respective stations.
The number of trailers that could be spotted at each baggage room would vary as to the number of doors available - Grand Central Station has space for only two trailers at a time.

CHARGES FOR SERVICES

Passenger

a. - Regular Transfer Services

First year - July 1955-56 - $1.20 per piece — Children - half fare; Purloaghees - 85¢

Second year - July 1956 - 57 - $1.22 per piece

PLAINTIFF'S EXHIBIT 25 (Continued)

a. - Regular Transfer Services (cont'd)

Third year - July 1957-58 - $1.23 per piece

Fourth and fifth years - an increase of one cent per coupon for each five cent increase in direct wage cost.

Discussion with Mr. Keeshin developed his opinion that direct wage increase for each of these years would not be more than ten cents a year or two cents a year increase in the coupon rate. This would make the coupon rate for July 1958 to 1959 - $1.25 and July 1959 to 1960 - $1.27.

b. - Special Service

* For groups traveling on special reduced rates, he agreed to a 45 cent per capita charge; parties to be moved in buses or if found more suitable to use the smaller vehicles, he would do so.

Baggage

a. Regular Service

This would cover regular checked baggage and the charge of course, is included in the per coupon rate.

b.-Special Services

Remains

The rate would be $7.50 including two coupons. The carriers now recover $5.10 of the $7.50 by making charge against passenger so that actually we are paying only the two coupon rate which includes transfer by vehicle of one passenger.

* Train-to-train transfer of baggage will be handled at no greater cost than at present which is two pieces of baggage for each coupon rate where same can be handled without special service. If special service is required where the connection is under three hours, then a charge will be made of $7.50 per truckload. These charges are the same as we are now paying.
* If special transfer of baggage is required before or after the regular hours of service, namely, 8:00 AM to

PLAINTIFF'S EXHIBIT 25 (Continued)

5:00 PM, the charge will be no greater than we are now paying which is $7.50 an hour. In fact he suggested $5.00 an hour rate. One hour is considered ample time for any such transfer between any of the stations.

GENERAL REMARKS

Mr. Keeshin also advised that he intended to go into the field of pick-up and delivery of baggage in the Chicago area as well as handling large movements of baggage for groups such as shows, sports or any other groups of individuals requiring such special baggage transfer. However, these services, of course, are out of the scope of our contract and are special arrangements he intends to set up.

Mr. Keeshin advised he intended to set up a separate company to be incorporated in Delaware or Illinois with, at least, a $200,000.00 working cash fund and could secure additional $500,000.00 for this fund if found necessary.

It is the intention to take over as much of the drivers and other minor personnel of the Parmelee Company as will fit into his organization and will pass the physical requirements.

In addition, Mr. Keeshin informed us that the official personnel will be composed of those well versed in the handling of passengers and baggage and that he would give this company his personal attention until such time as it would be functioning smoothly.

PARMELEE TRANSPORTATION COMPANY

Mr. Markin referred to his original proposal of March 15, 1955 and the first discussion was given to item 3 which covered the escalator increase in per coupon cost commending with July 1, 1956 but on which no ceiling was indicated. This item was cancelled in its entirety and carried with it, in cancellation, item 4. Again there are some special charges which were discussed and not covered in his proposal and which would have to be confirmed. These charges are indicated by an asterisk (*) mark.

PLAINTIFF'S EXHIBIT 25 (Continued)

-3-

EQUIPMENT

Passenger

a. - Type

He intends to purchase thirty 12-passenger limousines type vehicles, similar to the twenty which he now has in operation but which will have power steering and power brakes. Also he will retain a number of the seven passenger limousines now in service. It is expected it will take at least twelve months to complete the replacement with the thirty 12-passenger limousine type vehicles. Baggage will be stored in the rear of these new vehicles the same as in the present type operated.

b. - Schedule

The present schedules which provide for the meeting of all trains will, of course, be maintained.

Baggage

a. - Type

He intends to purchase a sufficient number of larger trucks than those used for what he believes a more efficient operation of the present handling of checked baggage - they will not be of the trailer type. The present loading and unloading of baggage at the baggage-room will be maintained, that is, by station agent and driver.

b. - Schedule

The present service of two pick-ups and deliveries a day will be maintained - 8:30 AM to 7:00 PM. However, more frequent service is given when found necessary.

Charges for Services

Passenger

a. - Regular Transfer Service

First year - July 1955-56 - $1.20

Children - half fare
Furloughees - 85¢

PLAINTIFF'S EXHIBIT 25 (Continued)

-6-

Commencing with July 1, 1956 an adjustment of the coupon of one cent (1¢) for each increase of three cents (3¢) per hour in wages of the driver employees will continue yearly thereafter until the expiration of the contract (December 31, 1961) with a maximum charge of $1.25 per coupon. Discussion with Mr. Markin determines his opinion that he could possibly hold yearly increases to five cents (5¢) to direct wages. Under this plan our rates could increase two cents (2¢) a year but not above the ceiling of $1.25; also there is the possibility of an increase of more than five cents (5¢) in direct wages a year which would increase our per coupon rate accordingly, but again the ceiling is $1.25.

b. - Special Services

For groups traveling on special reduced rates he agreed to a 50 cent(50¢) per capita charge. Parties to move in buses or the smaller 12 and 7 passenger vehicles.

Baggage

a. - Regular Service

This would cover regular checked baggage and the charge, of course, is included in the per coupon rate.

b.- Special Services

Remains

Rate would be $7.50 including two coupons. The carriers now recover $5.10 of the $7.50 by making charge against passenger so that actually we are paying only the two coupon rate which includes transfer by vehicle of one passenger.

Train-to-train transfer of baggage will be handled at the present charge of two pieces for each coupon rate where not handled by special truck. If special truck is required, where connection is under three hours, a charge of $7.50 per truckload will be made. These charges are the same as we are now paying.

PLAINTIFF'S EXHIBIT 25 (Continued)

If special transfer of baggage is required before or after the regular hours of service given above, the charge will be $7.50 an hour, which is now in effect. One hour is considered ample time for any such transfer between any of the stations.

GENERAL REMARKS

Mr. Markin advised that the new equipment mentioned above, which will be purchased and put in service as promptly as available, will cost in the neighborhood of $500,000.00.

GENERAL INFORMATION

The members of the sub-committee advised, as a whole, that it would be necessary for them to present both of the above proposals to their management before they would be in position to advise a recommendation of either. Therefore, the sub-committee will again meet at Union Station at 10:00 AM, Friday, June 3, at which time their report to all Chicago Terminal Lines will be composed, as well as a recommendation, if any.

PLAINTIFF'S EXHIBIT 26

Chicago, Illinois
March 23, 1955 - N

Mr. J. F. Whittington:- 4

The sub-committee which for quite some time has been making a survey and study of the transfer of passengers and baggage in the city of Chicago, on March 17th met with the Parmelee Transportation Company. This concludes our interviews with the various companies who expressed interest in the transfer of passengers and/or baggage in the city of Chicago.

Mr. Morris Markin, Chairman of the Board, Parmelee Transportation Company, on March 15th, had written Chairman Padrick outlining the proposal of the Parmelee Company for the continued use of their service after June 30 of this year which is the terminate date of the carriers' present agreement with them. Only members of the sub-committee have been given copy of Mr. Markin's letter as it is felt that the information contained therein should be kept confidential until a later date when a full report of the sub-committee to all the Chicago Terminal Lines will be given.

However, so that you may be fully accuainted with what is transpiring, we are enclosing copy of Mr. Markin's letter and offer comments as to each of the numbered proposals as shown in his letter commencing at the bottom of page 2.

1. This will be the first time that the railroads and Parmelee Transportation Company have entered into a written agreement or any agreement beyond a fiscal year to year basis of July to June inclusive. It can be readily understood why he wishes this written agreement as he wants to be sure to be able to amortize the new equipment which he will purchase and which will require about a five year period.

2. This speaks for itself but we are of the opinion that there should be some sort of ceiling, otherwise the increases could go way out of proportion to what the carriers would be willing to pay.

PLAINTIFF'S EXHIBIT 26 (Continued)

J. F. Whittington - 4
March 23, 1955 2.

3. This speaks for itself and the comments of the above paragraph also apply to this proposal.

4. This speaks for itself.

5. We have had discussion with Mr. Tilquist, Baggage Agent, Grand Central Station, regarding just what this would involve in his department. We understand that presently the train baggageman makes up in triplicate two manifests, one covering baggage destined to Chicago only and the other for transfer. The baggage room receives two copies of the manifest and the third copy is sent to Mr. Eichner's office. The Parmelee Agent checks the baggage off our manifest, signs one which is retained by the baggage room and keeps one himself. He (the Parmelee Agent) then sorts the baggage as to depot and with the Parmelee driver prepares a manifest for each station. Therefore the only additional work involving our baggage room would be for them to sort the baggage as to stations when checking it off of a train baggage agent's manifests and at the same time making up in triplicate our own manifest for each station. In this regard it might be possible for the train baggage agent to make up in quadruplicate a separate manifest of baggage for each station, one copy to go to Mr. Eichner's office and three to the baggage room. This, of course, is a new departure for the train baggage agent and we do not know whether or not such a procedure is permissible in our agreement with them. This would eliminate the baggage room making up the manifest and all that would be necessary for them would be to sort the baggage and check against the manifest for each station. This is a matter that you may wish to discuss with Mr. Eichner. Incidentally, our baggage room say they can handle this arrangement either way without any additional help in the baggage room.

6. This speaks for itself.

PLAINTIFF'S EXHIBIT 26 (Continued)

7. This speaks for itself.

8. This speaks for itself and, of course, very favorably.

9. This speaks for itself.

It is expected that the sub-committee will meet about the 15th of April and we would appreciate any comments and advice from your office on this proposal of the Pamelee Transportation Company so that we, in turn, can give proper expression to our company's thoughts in the matter.

R. E. Coleman

PLAINTIFF'S EXHIBIT 27

Form 300 Ruled.

Plaintiff's Exhibit 27 Defendant's

THE BALTIMORE AND OHIO RAILROAD COMPANY

In the District Court of the United States, Northern District of Illinois, Eastern Division

Roy E. Fuller - Official Court Reporter

RECORD OF MINER, I.

19

AUG 15 1950

AT 1 O'CLOCK

P.M.

PLAINTIFF'S EXHIBIT 27 (Continued)

THE BALTIMORE AND OHIO RAILROAD COMPANY

....., 19.....

P1083

PLAINTIFF'S EXHIBIT 27 (Continued)

THE BALTIMORE AND OHIO RAILROAD COMPANY

....., 19.....

PLAINTIFF'S EXHIBIT 28

MEMORANDUM J. F. WHITTINGTON

Chicago, Illinois
June 3, 1955 - N

MEETING OF SUB-COMMITTEE CHICAGO TERMINAL LINES IN CONNECTION WITH CHICAGO TRANSFER - FRIDAY JUNE 3, 1955

The sub-committee of the Chicago Terminal Lines met today to further discuss the Chicago transfer situation and subsequently prepare report for submission to all Chicago Terminal Lines. Also in attendance were Messrs. Whittington and Coleman of the Baltimore and Ohio Railroad, Mr. Comer of the Pennsylvania R.R., Mr. Brennan of the Northwestern R.R., Mr. Hearne of the Illinois Central R.R.. Chairman Padrick and Vice-Chairman Siddall.

Necessary additional discussion of the proposals of the Parmelee Transportation Company and J. L. Keeshin was had.

The sub-committee unanimously voted in favor of the Keeshin proposal.

However, there were several phases of the Keeshin proposal which needed clarification and confirmation. Therefore, Mr. Keeshin was called and asked to appear before the committee. This he did and the following matters were discussed:

EQUIPMENT

Mr. Keeshin advised he had today placed an order with the Litsinger Motors at Chicago and confirmed such order direct with the Ford Company at Detroit of the following:

50 - 6-passenger Ford Station Wagons
(3rd seat removed)
10 - 8-passenger Ford Station Wagons
(3rd seat would be retained but only used if necessary)
2 - Station Wagons to handle remains
40 - 20 ft. trailers
(side as well as end door openings)

PLAINTIFF'S EXHIBIT 28 (Continued)

-3-

EQUIPMENT (cont'd)

25 tractors
(Model C-600 which are cab over engine type)
4 tractors
(Model C-600 with long wheel base)

Mr. Keeshin will order five or six 23 seat or 30 seat passenger buses. Also will order 8-passenger Volkswagen automobiles with doors on each side of the body instead of on one side as on their standard models.

SALE OF PROPERTY

Mr. Keeshin informed us that he has just drawn his will which will prohibit the sale of any of his businesses for a period of ten years after death; after ten years the then current operating management will have first choice in its purchase.

COST PER COUPON - 4th AND 5th YEARS

Considerable discussion was had as to what could be expected in this direction. Again Mr. Keeshin confirmed his previous statements that he did not believe the direct wage increase would be more than ten cents (10¢) each year which would mean a maximum increase of two cents (2¢) a coupon for each year. He further advised that he would respect a verbal understanding that the rate would not exceed $1.27 a coupon at the fifth year; furthermore that before any negotiations with the Union he would first negotiate with the railroads during the fourth and fifth years.

Statement as above with regard to verbal understanding was for the reason that Mr. Keeshin considered it very dangerous to include in the contract any clause stipulating acceptable increase for the fourth and fifth years. By not including such a clause in the contract he would have more leeway in negotiations with the Union.

GENERAL REMARKS

Mr. Keeshin advised it would be satisfactory to include in the contract clause to the effect that his books would be open for inspection and he would submit an annual report, certified by a Public Accountant.

PLAINTIFF'S EXHIBIT 28 (Continued)

GENERAL REMARKS (Cont'd)

Mr. Keeshin also informed us that the present pickup and delivery rates on baggage would not be increased; furthermore, that he intended to make very serious efforts to increase this type of business by performing a more efficient and prompt service than now rendered. Of course, this feature is outside of the contract.

The sub-committee selected and approved the name "RAIL TRANSFER SERVICE", also that the color of all vehicles should be a shade of light blue similar to that noted on the Ford Station Wagons which this committee previewed yesterday.

It was the decision of the sub-committee that Chairman Padrick should act as agent for all railroads and draw up the contract accordingly. This contract would be subject to review by each of the Chicago Terminal Lines before signed by him as Chairman.

As a matter of information, the six carriers represented on the sub-committee totalled 68.48% of the total revenue reported the Parmelee Company during the years 1951, 1952 and 1953.

Motion was made and seconded that if the Chicago Terminal Lines accepted proposal as made by Mr. J. L. Keeshin, notice would be given the Parmelee Transportation Company that their service would be terminated by the railroads 90 days after July 1, 1955 with a clause stating that if the Parmelee Transportation Company drivers went on strike July 1st, 1955, then the services of that company to the carriers would terminate at the close of business June 30, 1955. Incidentally, in this regard, Mr. Keeshin advised that upon given 24 hours notice he would set up an emergency service to take care of not only the transfer of checked baggage but also the transfer of passengers with baggage - such emergency service to continue until such time as he could secure equipment now on order.

In conclusion, the sub-committee presented its report to Chairman Padrick who, in turn, has issued a call for meeting of all Chicago Terminal Lines at 10:00 AM, Monday, June 13. At this meeting the report of the sub-committee will be discussed and the matter voted on.

PLAINTIFF'S EXHIBIT 29

Whittington 5

MEMORANDUM

Chicago, Illinois
May 20, 1955

Mr. J. F. Whittington:-

Mr. Sidney Bone, Chairman of the sub-committee just called me at ten minutes to five today advising that Mr. Markin had changed his formula for the coupon charges as follows:

Basic charge $1.20 effective July 1, 1955. The maximum rate that would be charged thereafter would be -

July 1, 1956 - - - - - - - - -	$1.22
July 1, 1957 - - - - - - - - -	1.23
July 1, 1958 - - - - - - - - -	1.24
July 1, 1959 to June 30, 1960 -	1.25

The rate would increase one cent (1¢) per coupon for each three cents (3¢) of wage increase but not to exceed the maximum rate as shown above. As example - If he was obliged to increase wages three cents (3¢) effective July 1, 1956, the rate of the coupon would increase one cent (1¢) or total $1.21. This as against the maximum shown of $1.22. If he had to give more than the three cent increase, say, nine cents (9¢), it would mean three cents (3¢) increase in coupon to the carriers, he would only request a two cent (2¢) increase or $1.22, as this is the maximum agreed upon.

Mr. Bone advises he was getting this information out by mail today.

Plaintiff's Exhibit 29 Defendant's Exhibit ( ) Identified ( ) Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.
No.
Roy E. Fuller - Official Court Reporter

S. F. G. Nelson

AUG 15 1960

P.S. - I believe Mr. Markin is doing this to protect himself from the Unions asking too great an increase in any one year. This would be part of his bargaining - that the carriers will only allow him to increase his rate so much each year.

PLAINTIFF'S EXHIBIT 30

Plaintiffs Exhibit 30 Defendants Exhibit

MEMORANDUM

In the District Court of the United States, Northern District of Illinois, Eastern Division
No. 56 C 323

Mem. Rec'd. BEFORE MINER, J.

Chicago, Ill., [illegible] Official Court Reporter

Mr. Sidney Bone, Chairman of the sub-committee called me at 4:55 pm today advising that Mr. Markin had changed his formula for the coupon charges as follows:

Basic charge $1.20 effective July 1, 1955. The maximum rate that would be charged thereafter would be:

1955	$ 1.20
July 1, 1956	1.22
July 1, 1957	1.23
Jul, 1, 1958	1.24
July 1, 1959 to June 30, 1960	1.25

The rate would increase one cent (1¢) per coupon for each three cents (3¢) of wage increase but not to exceed the maximum rate as shown above. As example - If he was obliged to increase wages three cents (3¢) effective July 1, 1956, the rate of the coupon would increase one cent (1¢) or total $1.21. This as again t the maximum shown of $1.22. If he had to give more than the three cent increase, say, nine cents (9¢), it should mean three cents (3¢) increase in coupon to the carriers, he would only request a two cent (2¢) increase or $1.22, as this is the maximum agreed upon.

Mr. Bone advises he was getting this information out by mail today.

I believe Mr. Markin is doing this to protect himself from the Unions asking too great an increase in any one year. This would be part of his bargaining -- that the carriers will only allow him to increase his rate so much each year.

J. F. Whittington

PLAINTIFF'S EXHIBIT 31

FILED
OCT 15 1956
AT O'CLOCK
CLERK, U.S. DISTRICT COURT

Plaintiff's Exhibit 31 Defendant's Exhibit Identified Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
BEFORE MINER, J.
Roy E. Fuller - Official Court Reporter

Chicago, June 21, 1955 - 2

M E 3 r 3

Mr. S. F. G. Nelson:

A meeting of the Chicago terminal baggage agents was held in the Traffic Club of the Palmer House today to discuss with representatives of Mr. Keeshin, the various terminal requirements in connection with the handling of crosstown baggage.

This discussion included the handling crosstown of through interline baggage, space to space to space baggage and that checked from station to parcel room. Also included was a brief outline of railroad baggage charges and the accounting procedure used to report them.

While no definite plan was set up by the Keeshin people to handle the transfer of baggage and remains, it appears that trailers will be set up at all stations where they are needed during the previous afternoon or evening for pre-loading during the night and following morning. These will be pulled and taken to proper station when loaded. Smaller terminals having less baggage will be able to utilize one trailer for several stations. Remains to be handled in stationwagon type vehicles.

It was also mentioned that while the Keeshin people were willing to duplicate every service now offered by Parmelee, they felt that a mutual savings could be affected by railroad employes doing some of the work now performed by Parmelee men. Under this proposal our men would load, unload and waybill all transfer baggage, and Keeshin would be responsible only for the drayage between stations.

As the matter now stands Keeshin would maintain no central platforms of their own, but would make all movements direct, this apparently includes city pick up and delivery which they intend to include among their services.

All of these proposals, as I understand, are to be set up in a memorandum to serve as a basis for the contract between the railroads and Keeshin.

PLAINTIFF'S EXHIBIT 31 (Continued)

Mr. S. F. G. Nelson June 21, 1955.

Most of the features contained in these proposals are quite different from our present method of operation, but we could perform our part of the operation, should it be desired.

However, insofar as we are concerned, any additional duties for our baggage crew which consists of two men on each shift, would undoubtedly necessitate more help, and it would involve clerks, rather than handlers.

F. A. Tiiquist

cc-Mr. C. K. Strader
Mr. L. S. Eichner

PLAINTIFF'S EXHIBIT 32

Plaintiffs Exhibit 32 Defendants Exhibit ( ) Iden. ( ) Rec'd.

In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J. No.

Roy E. Fuller - Official Court Reporter

June 23, 1955

MEMORANDUM - Mr. R. E. Coleman:

It would appear from the attached that Mr. Keeshin is not quite set in arrangements for handling of checked baggage between stations. You will recall he originally informed us that he would have a centralized point for the assemblage and distribution of baggage; it would now appear he has changed his mind for reasons best known to himself and is reverting to trailer operation direct from one station to another where there is sufficient amount of baggage moving and at the smaller terminals one trailer making distribution to all other terminals. I am wondering if this wouldn't slow up the movement of baggage from our station to the other stations.

In addition, I feel that Keeshin is hedging from the original arrangement of his own people loading and unloading trailers except after their 40-hour period when our baggage room employees can't perform this service. They are now asking that our baggage room people perform this service at all times. We may be able to get by at our station without additional personnel but I don't think this would be possible in the larger stations, such as Union Station, North Western, etc.

Furthermore, if our baggage room waybill, as well as load and unload this baggage, it would lift the entire responsibility from Keeshin as to condition of baggage since at no time would his personnel handle same. I can see where we can waybill it and they would accept exceptions as noted on our waybill but do not feel we should give into any arrangement whereby the complete station handling is by our own baggage room personnel.

I am sure Keeshin set up his costs on the basis of his personnel loading and unloading baggage because at no time did the sub-committee say our baggage room people would perform this work. Therefore, what the mutual savings would be I cannot understand because if the carriers have to add more personnel in the baggage room it would be the railroads who would be losing money and Keeshin alone making a saving.

S. F. O. Nelson

PLAINTIFF'S EXHIBIT 33

TRUNK LINE-CENTRAL PASSENGER COMMITTEE
WESTERN PASSENGER ASSOCIATION

January 11, 1955

TRANSFER OF PASSENGERS AND BAGGAGE
BETWEEN STATIONS IN CHICAGO

Messrs:

J J Alms
R S Amis
A N Anderson
2-R T Anderson
F H Baird
J A Barrett
R F Berndt
3-J L Bickley
2-S W Bone
3-J R Brennan
3-I C Bruce
R E Coleman
E R Comer
H G Gillis
W R Godley
E E Gordon
H E Hay
E M Holt
R E Jamieson
2-G R Kimbel
G G Kottenstette
2-T E LeCueur
P G Nagle
2-T E Nerland
2-R W Ohlman
A G Oldenquist
E E Pierce
W J Rouch
H Sengstacken
G F Sherman
R R Spangenberg
R E Towns
2-R B Weaver
J F Whittington

(Chicago Terminal Lines)

Gentlemen:

For your information, we enclose copy of letter dated January 5, 1955, from Mr Sidney W Bone, Chairman of Committee of Chicago Terminal lines, on the subject indicated in heading hereof.

The question has been docketed for consideration at meeting of Chicago terminal lines to be held February 1, 1955.

Yours truly,

A J WINKLER

E B PADRICK

Attachment
List P-7
150-W

PLAINTIFF'S EXHIBIT 33 (Continued)

Att. to List P-7

C
O
P
Y

NEW YORK CENTRAL SYSTEM
LaSalle Street Station
Chicago 5, Ill.

January 5, 1955

Mr. E.B. Padrick, Chairman
Western Passenger Association
Chicago, Illinois

Dear Mr. Padrick:

The committee composed of the following lines

A.T.& S.F.
B.& O.
C.& N.W.
I.C.
N.Y.C.
P.R.R.

to study the transfer situation, Chicago, and to study the various contractors capable of performing the operation at a price better than that which we are achieving today, makes the following report -

Committee determined thirteen operators were of sufficient size and financially able to carry on the work, being

Hertz Driv-Ur-Self
Gray Line
Willett
Dixon
Carroll
Railway Express
Landon
Keeshin
Ayers
Lasham
Rock Island Transit
Chicago Tunnel
Engelhart of New York

Accordingly, under date of July 21, an outline of the work was prepared and identified as Statement No. 1, which, in a general way, itemized the Chicago transfer situation and this statement was delivered to each of the prospective contractors. Further, on September 15 and September 16 members of this committee interviewed all contractors who were interested, again emphasizing the fundamentals of the transfer at Chicago desired by the Chicago Terminal Lines, being the adequate handling of passengers and checked baggage between stations and we itemize next the preference expressed by the respective contractors that were named above -

Willett - This company was interested in transfer of passengers and checked baggage and after a complete conference with the committee Mr. R. S. Wyer stated that his company would submit a proposition to the committee which would price their proposal. To date we have not had this company's proposal - however during the first week of November all contractors were again reminded that their proposal must be in the hands of the committee by December 6. We understand that

A 73 (2 wi)

PLAINTIFF'S EXHIBIT 33 (Continued)

Mr. Wyer has contacted some members of the committee individually, desiring additional information, which would indicate that they are still interested in the proposal.

Landon - This company was interested in the transfer of checked baggage only and submitted a proposal accordingly.

Keeshin - This company has submitted a proposal for the handling of both passengers and checked baggage which is slightly reduced from the price which we are paying, or $1.70 with the price of the coupon tied into an escalator clause similar to that which we have with Parmelee today. The proposal contains a provision whereby station forces would load and unload trailers which would be hauled between the stations by tractors, and the proposal indicates more transfer trips than are presently being made. We would call your particular attention to the fact that this would be an increase in the work of station forces. The Keeshin plan outlines purchase of new station wagon type equipment to be built by a Detroit organization and the hand luggage would be placed on top of the vehicle. Also, the vehicle is radio equipped and air-conditioned, the radio facilitating dispatch of cars between stations.

The Railway Express Agency, offering no outright proposal, indicated that they would handle this for the carriers at a 15% plus-cost basis. The interview with the Railway Express representative indicated that they would not be interested in handling of passengers, but only baggage, and further indicated that they would not be interested in a per-piece charge.

Engelhart of New York - Indications that he might be interested in the arrangement did not come to the committee until late, and under the circumstances it might be anticipated that more time is desired by him to accumulate statistics and formulate a reply.

All of the other companies named as being probable contractors have twice again been admonished to let this committee have their proposals, but to date we have had no reply from any of the above excepting those itemized.

This committee would also direct your attention to proposal originating at LaSalle Station, the details of which are quoted in the appendix attached hereto, and to facilitate accumulation of statistical data the members of this sub-committee have been investigating the workability of this proposal at each of the Chicago Terminals. The committee feels that it would be desirable to have a committee composed of station baggage representatives review this latter proposal further, or other proposals that may be presented, and submit any recommendation that they may have with respect to the handling of checked baggage between stations.

Progress of this committee thus far is respectively submitted - we understand that the committee will remain intact until such time as remaining contractors' proposals have been properly catalogued, and further report then made to the general committee.

Yours very truly,
/s/ Sidney W. Bone - Chairman
R.T. Anderson, A.T.& S.F. R.R.
J.R. Brennan, C.& N.W. Ry.
R.E. Coleman, B.& O. R.R.
E.M. Holt, Pennsylvania RR
G.R. Kimbel, I.C. R.R.

Enclosure
Copy Mr. R.T. Anderson
Mr. J.R. Brennan
Mr. R.E. Coleman
Mr. E.M. Holt
Mr. G.R. Kimbel

PLAINTIFF'S EXHIBIT 33 (Continued)

C O P Y Att. to List P-7

Chicago, Illinois
December 10, 1954

Mr. S. W. Bone: File : YY

In accordance with your request for a study of the movement of baggage across town at the LaSalle St Station and as an alternate service to Parmelee account the curtailment of Parmelee service and the increasing cost of Parmelee service, we submit the following proposal.

Our proposal is that each terminal company at each of the Chicago stations assume the responsibility of moving the baggage from their inbound trains across town to the appropriate connection. It is thought that each terminal company will use the truck service the most convenient and economical which in some cases might be a truck owned by the individual railroad and in other cases it may be a truck leased by a trucking concern.

According to our study this service could be performed at LaSalle St Station by leasing 3 trucks from the Rock Island Motor Transit Co., and using 1 truck that we already have leased from the Rock Island Motor Transit Co., on a 50% basis. These trucks can be leased for a cost of $106.00 per month, including gasoline, maintenance and licenses. The trucks will be manned by members of our organization at a cost per day of $14.30 per truck driver.

The details of this service is submitted in the statement below showing the cost per month:

	3 trucks
Truck rental	$ 371.00
Salary	2,574.00
Vacation pay	141.50
6% payroll tax	188.90
Account'g Exp 2% of salary	60.00
Gen'l Supervision Exp	100.00
Chauffeur's Licenses	14.00
Insurance on trucks	21.83
Miscellaneous	500.00
Total cost per month	$ 3,971.23

The miscellaneous item of $500.00 in the above statement is for additional baggage service after and above the scheduled service and for items yet undetermined. A great part of this miscellaneous expense will probably not be used. The above cost of operating this service is $47,652 per year which could be split between the various roads using LaSalle St Station on a "use" basis.

Based on a study made for your office in March of last year, if we leave the cost of handling corpses to the passenger as at present and charge 20¢ (twenty cents) a hundred for handling newspapers which is 5¢ less than Parmelee now charges, we could recover $9,100 per year from the total cost of $47,652. It is estimated that we could handle the baggage for about .30¢ per piece.

Several advantages would ensue from handling the baggage in this manner:

PLAINTIFF'S EXHIBIT 33 (Continued)

1. The baggage can be handled cheaper by using our own forces than by hiring an outside company such as the Parmelee Co. but we are unable to state just what the saving would be, as the Parmelee expense item also includes the handling of passengers in Parmelee buses.

2. We will restore full service to and from our principal trains that was curtailed several months ago by the "two a day" delivery of the Parmelee Co. It is proposed to furnish service on a basis of 16 hours a day and on a part time basis of 8 hours a day.

3. The railroad would have direct control over the service rendered, fixing responsibility for the quality of the service, and also for the extent of the service.

4. This plan would also eliminate the money paid to the Parmelee Co., for handling of "Train to Train Hand Baggage". This is now averaging about $350. per month.

(sgd) R.E. Dean

General Baggage & Mail Supvr.

RED/jtm

PLAINTIFF'S EXHIBIT 33 (Continued)

Att. to List P-7

STATEMENT

Chicago, July 21, 1954

TO ALL CONCERNED:

(The following information is prepared to give prospective companies who desire to bid upon the handling of transfer of passengers and baggage through Chicago an opportunity to know the size of the job which is contemplated) -

In Chicago there are eight passenger stations (six so called steam train terminals and two electric train terminals), as itemized next:

Dearborn Station	Dearborn and Polk
Grand Central Terminal	Harrison and Wells
Union	Canal and Adams
Central	Michigan and Eleventh Place
LaSalle	LaSalle and Van Buren
Northwestern	Madison and Canal
Chicago-North Shore	Adams and Wabash
Chicago-South Shore	Randolph and Michigan

and the greatest distance between any two terminals is approximately 1-3/4 miles, otherwise the terminals listed are generally considered within the downtown area of Chicago although not exactly within the loop area.

The railroads serving Chicago have considered it to be to the advantage of their services, and a convenience to their passengers, that a transfer of persons and baggage be provided between the Chicago terminals - and this service has been performed by the Parmelee Transportation Company, which company only last year celebrated its 100th Anniversary.

We would have it known that the railroads serving Chicago have enjoyed their relationship with the Parmelee Transportation Company, and they feel that the services of each has contributed to the success of the other, notwithstanding the economic conditions are such that the railroads must not undertake to pay a greater fee for the services performed than is necessary, and because the greater portion of the transfer fee paid to the Parmelee Transportation Company is absorbed by the outbound railroad. It is, therefore, necessary to canvass the companies capable of handling such a transfer of passengers and baggage and whose reputation and vehicle equipment would indicate the ability to satisfactorily perform the services - and at a fee attractive to the rail carriers who, as stated above, absorb the charges accruing to the Chicago transfer.

The specifications of such a transfer job are, briefly, as follows:

1 - Transfer approximately 1½ million passengers a year -

In 1951	1,648,577
1952	1,616,386
1953	1,429,847
Average	1,564,937

1,564,937 being the average number transferred in the three-year period, is 140,000 more than handled in 1953. According to our figures the most passengers are transferred in June, July and August.

PLAINTIFF'S EXHIBIT 33 (Continued)

Percentagewise, of the years total
9.1% is transferred in January
6.5% " " " February
7.[illegible]% " " " March
7.[illegible]% " " " April
7.5% " " " May
10.1% " " " June
10.1% " " " July
10.5% " " " August
8.5% " " " September
7.[illegible]% " " " October
6.5% " " " November
9.5% " " " December

2 - The transfer of passengers is required between trains arriving and departing Chicago - trains arrive Chicago beginning at 5:00 A.M. and either arrive or depart Chicago beyond midnight.

3 - Hand luggage carried with passengers should be transferred in the same cab. Therefore the number of seats utilized in a cab depends upon the amount of luggage that can be placed in the baggage compartment of the cab; excepting briefcases, etc., all luggage is placed in luggage compartments of the cabs - none is placed in the seats.

4 - About 90,000 pieces of checked baggage, ranging in size from a small overnight case to a salesman's trunk, are transferred between the eight stations each month, or more than one million pieces per year. This part of the service is better performed in trucks which deliver and receive their loads at the special platforms provided for such a purpose in each terminal.

5 - Transfer of corpse is an important consideration, and, although the number of cases is unpredictable, it is not uncommon to handle as many as eighteen to twenty remains in one day between the different terminals.

The committee trusts that the items listed above will give you an idea of the job that is to be performed and, if you desire, the committee will meet with you and answer additional questions to give you sufficient information to permit you to give a price for which you will perform the service of transferring passengers and luggage between stations in Chicago.

RECAPITULATION

1 - Transfer approximately 4,000 passengers per day.

2 - Workday begins with early trains.

3 - Cabs with space for hand luggage.

4 - Transfer approximately 3,000 pieces of baggage per day.

5 - Transfer of corpse.

The foregoing is intended to be illustrative but not necessarily conclusive.

A 77, [illegible])

PLAINTIFF'S EXHIBIT 34

Chicago, Illinois
January 7, 1955 - N

FILE

Mr. J. F. Whittington:- 4

As previously informed you the Chicago Terminal Lines, early last year, appointed a sub-committee to make a survey of the Chicago transfer situation, particularly from an economic rather than a service standpoint as the latter has been satisfactory in its handling by the Parmelee Transportation Company.

For your perusal I am enclosing copy of the report of this committee under the chairmanship of Mr. Sidney W. Bone, Passenger Traffic Manager of the New York Central R.R., to Chairman E. B. Padrick. This report is just about as good a resume of the actions that have taken place as we could report separately.

In addition we are enclosing copies of the proposals referred to in Mr. Bone's report covering the F. Landon Cartage Co., J. L. Keeshin, and Mr. R. E. Dean, General Baggage and Mail Supervisor. La Salle Street Station, Chicago.

Should any of the other contractors subsequently submit proposals, even though the deadline is long past, we will, of course, see that you are kept fully informed.

R. E. Coleman

CC-Mr. L. S. Eichner:-

PLAINTIFF'S EXHIBIT 35

THE BALTIMORE AND OHIO RAILROAD COMPANY
TRAFFIC DEPARTMENT
GRAND CENTRAL STATION
HARRISON AND WELLS STREETS
CHICAGO 7, ILL.

R. E. COLEMAN
PASSENGER TRAFFIC MANAGER
G. F. G. NELSON
ASSISTANT GENERAL PASSENGER AGENT

September 8, 1954 - 1

Mr. W. A. Scheeder,
Vice President
Parmelee Transportation Co.,
300 North Desplaines St.,
Chicago, Illinois

Dear Bill:-

Your organization handled a big job in a most effective manner Sunday afternoon, September 5.

You transferred almost 400 service men including 300 with duffle bags from our station to the North Shore and Union Stations, dispatching them all within thirty minutes.

Real team work was indicated including the advance planning which obviously was necessary, an all-out effort by your agents Barkey and Kavanaugh on duty here, and complete cooperation on the part of every driver involved.

My associates have called this outstanding performance to my attention and we want you to know that the efforts of all concerned in your organization are greatly appreciated.

Yours truly,

R E Coleman

Passenger Traffic Manager

Plaintiff's Exhibit 35 For Identification
Defendants Exhibit
( ) Rejected
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
BEFORE MILLER, J.
Ray E. Fuller - Official Court Reporter

12 C 373

PLAINTIFF'S EXHIBIT 36

MEMORANDUM

Chicago, Illinois
June 13, 1955

At 10:30 AM today, June 13, 1955, members of the Chicago Terminal Lines met in Room 336 Union Station as per call for meeting dated June 3, 1955. The carriers, in most instances, were represented by top traffic officers because of the importance of the question at hand, that is, transfer of passengers and baggage between stations in Chicago.

At the request of Chairman Padrick, Sub-Chairman Bone gave a resume of the entire action of the committee since its inception in April, 1954. In addition, various members of this sub-committee further added to Mr. Bone's remarks as well as jointly answered questions from the floor.

Mr. Alms, General Passenger Traffic Manager of the Burlington, advised that several months ago he had been approached by a Mr. Forgash, President of Universal Carloading at Chicago, asking that Keeshin be given favorable consideration.

It was determined that in addition to the Nickel Plate having a written contract with the Parmelee Transportation Company, the expiration and cancellation clause, if any, being unknown to the member in attendance, the Erie has a written contract signed in 1915 but bearing a 60 day cancellation clause.

Chairman Padrick placed before the meeting, as a motion, the recommendation of the sub-committee, which was seconded by the C&NW Ry. This is covered in detail in paragraph 5 page 3 of memorandum dated June 3, 1955. Also that Chairman Padrick would act as agent for all carriers and with the assistance of legal aid would prepare a draft contract with Keeshin on a five year basis at rate of $1.20 for the first year, $1.22 for the second year, $1.23 for the third year and for the fourth and fifth years, one cent increase for each five cents of direct wage increase; but the latter only after negotiation with the carriers. No maximum rate would be a part of the contract for reasons previously mentioned and covered on page 2 under the caption - "Cost per coupon - 4th and 5th years", of memorandum dated June 3, 1955. Contract would also include clause as to decrease in per coupon rate if direct wages were decreased. All phases of this transfer service previously discussed would be incorporated in the contract.

PLAINTIFF'S EXHIBIT 36 (Continued)

The above motion was put to a vote and was passed unanimously.

Chairman Padrick will write necessary letters of notification to the Parmelee Transportation Company, advising them of the termination of services and to Mr. Keeshin as to the acceptance of his proposal, subject to written contract.

The name of the new company and the color scheme of the vehicles is left to the discretion of the sub-committee and Mr. Keeshin.

If any of our interline tickets have the name "Parmelee" printed thereon in the transfer coupon, it is a matter that should be taken up with our legal people as to the retention of same. Eastern Tariff T-3, ICC No. 302 which contains mention of the word "Parmelee" will, of course, have to be supplemented.

The system folders of some carriers, including our own, contain the name "Parmelee" and again our legal people should be consulted as to retention of same, until reissued.

PLAINTIFF'S EXHIBIT 37

IN THE DISTRICT COURT OF THE UNITED STATES

For the Northern District of Illinois

Eastern Division

In the Matter of	)	
	)	In Proceedings
KEESHIN FREIGHT LINES, INC.,	)	for Reorganization
Debtor,	)	
KEESHIN MOTOR EXPRESS CO., INC.	)	No. 46B 26
SEABOARD FREIGHT LINES, INC.,	)	
NATIONAL FREIGHT LINES, INC.,	)	
Subsidiary Debtors.	)	

PETITION OF THE BALTIMORE AND OHIO RAILROAD COMPANY FOR LEAVE TO INTERVENE.

To The Honorable The Judges of the District Court of the United States for the Northern District of Illinois, Eastern Division:

The Petition of The Baltimore and Ohio Railroad Company respectfully shows:

1. That it is the owner of Series I Notes of Keeshin Freight Lines in the amount of $28,400.00 and Series III Notes in the amount of $150,000.00, a total of $178,400.00, and that the said Debtor Keeshin Freight Lines, Inc., is jointly and truly indebted to this Petitioner.

2. This Petitioner is advised and therefore alleges that many issues and questions are and will be pending before the Court in this proceeding in which it has and will have a material interest and because of the character and extent of its claim

PLAINTIFF'S EXHIBIT 37 (Continued)

as a large creditor of said Debtor, it is necessary that it be permitted to intervene generally in this proceeding so that it may take a position as a party on all matters coming before the Court, file pleadings herein and have the right to seek appeal from any orders which it deems adverse to its interests.

WHEREFORE, Your Petitioner prays that it be permitted to intervene generally in these proceedings and may be admitted and constituted as a general party hereto, with the right to receive notices of all applications and petitions, to receive copies of all papers filed herein, to file motions and pleadings and other papers, to be heard by testimony and argument and to take such other steps and proceedings in this cause as it may deem proper, and the Petitioner may have such other and further relief in the premises as to this Court may seem just.

THE BALTIMORE AND OHIO RAILROAD COMPANY,

By /s/ H. B. Voorhees
Vice President.

State of Illinois)
County of Cook) SS.

H. B. Voorhees, being duly sworn, deposes and says, that he is Vice President of The Baltimore and Ohio Railroad Company, a Railroad Corporation, the corporation making the foregoing petition; that he has read the foregoing petition and knows the contents thereof, and that the same is true to the best of his knowledge, information and belief; and that he further believes said petition was made in good faith.

/s/ H. B. Voorhees

Subscribed and sworn to before me
this 18th day of March, 1946.

(Seal)

/s/ Thomas M. Butters
Notary Public.

E. W. Lademann,
Grand Central Station,
Chicago 7, Illinois,
Attorney for The Baltimore and Ohio
Railroad Company.

PLAINTIFF'S EXHIBIT 37 (Continued)

No. 46 B 26

U.S. District Court, Northern District
of Illinois, Eastern Division

In the Matter of

Keeshin Freight Lines, Inc.,
Debtor
Keeshin Motor Express Co. Inc.
Seaboard Freight Lines, Inc.
National Freight Lines, Inc.
Subsidiary Debtors

In Proceedings for Reorganization

PETITION FOR LEAVE TO INTERVENE
OF THE BALTIMORE AND OHIO R.R.Co.

E. W. Lademann,
Attorney,
315 Grand Central Station
Chicago 7, Ill.

Wabash 2211

PLAINTIFF'S EXHIBIT 37 (Continued)

CERTIFIED COPY (Rev. April 1963) D. C. Form No. 38

United States of America

NORTHERN DISTRICT OF ILLINOIS } ss:

I, ROY H. JOHNSON, Clerk of the United States District Court for the NORTHERN District of ILLINOIS, do hereby certify that the annexed and foregoing is a true and full copy of the original Petition filed March 19, 1946 In the Matter of KEESHIN FREIGHT LINES, INC., Debtor; KEESHIN MOTOR EXPRESS CO., INC. SEABOARD FREIGHT LINES, INC., NATIONAL FREIGHT LINES, INC., Subsidiary Debtors, NO. 46 B 26

now remaining among the records of the said Court in my office.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at CHICAGO, ILLINOIS this 19th day of April, A. D. 19 60

ROY H. JOHNSON
Clerk.

By Sally Kenney
Deputy Clerk.

FPI ATLANTA—12-3-57—40M—39

PLAINTIFF'S EXHIBIT 38

COPY

Plaintiffs Exhibit 38 Defendants Exhibit ( ) Iden. ( ) Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
Roy E. Fuller - Official Court Reporter
BEFORE MILLER, J.

HAIGHT, GOLDSTEIN & HAIGHT
LAWYERS
THE ROOKERY
209 SOUTH LASALLE STREET
CHICAGO 4, ILLINOIS
CENTRAL 6-7577

SC 373

September 24, 1955

The Honorable Richard J. Daley
Mayor of the City of Chicago
City Hall
LaSalle and Randolph Streets
Chicago, Illinois

My dear Mr. Mayor:

1. On October 1, 1955, the 21 railroads which use the 8 terminal railroad stations located in the downtown area of Chicago will inaugurate a new station-to-station passenger and baggage transfer service, the entire cost of which will be absorbed by these railroads. This new service will be made available exclusively to the out-of-town through passenger who holds a transfer coupon entitling him, on arrival in Chicago en route to another city, to the free transfer of himself with his accompanying hand baggage from his incoming station to another station shown on his coupon, where his outgoing train departs.

The 21 railroads have entered into a written Agreement with Railroad Transfer Service, Inc., effective October 1, 1955, to carry out for them this required free station-to-station transfer service, as appears from the enclosed first 5 pages of the mimeographed copy of that Agreement. The passenger motor vehicles which will be used by Railroad Transfer Service, Inc. to take these coupon holders to their designated outgoing stations will be used solely for that purpose.

2. The railroads' tariffs on file with the Interstate Commerce Commission and the Illinois Commerce Commission provide for this free station-to-station transfer service where different stations are used by the inbound and the outbound railroads. The new service created for the purposes set forth in the enclosed pages of the Agreement is intended by the parties thereto to become part of the interstate railroad service performed as part of the stream of interstate commerce, and the motor passenger vehicles used in the performance of that service are intended to be devoted exclusively to the operations of these railroads as public utilities under the laws of Illinois.

3. Under the new service, the coupon holder will no longer be allowed to use his coupon to procure at the expense of the railroads a free ride for himself with his accompanying hand baggage to a hotel, residence, business or office building in the Loop of Chicago, in the nature of local taxicab service, now possible under the existing Farmelee Transfer Service arrangement with these railroads.

PLAINTIFF'S EXHIBIT 38 (Continued)

HAIGHT, GOLDSTEIN & HAIGHT

Nor will the passenger motor vehicles of Railroad Transfer Service, Inc. used in the new service accept noncoupon holders as cash fare passengers for transport between stations or from stations to a hotel or other terminus in the loop of Chicago, in the nature of local taxicab service, as the passenger vehicles now used in the Parmelee Transfer Service now do.

This wide cleavage between the limited new station-to-station transfer service and the present interstation and loop terminus Parmelee Transfer Service, and the wide cleavage between the limited public utility uses to which the passenger vehicles of Railroad Transfer Service, Inc. will be devoted exclusively and the additional local passenger transportation uses to which the passenger vehicles of the Parmelee Transfer Service are now devoted in part, is not generally understood in the public mind and among governmental authorities having jurisdiction thereover or concerned therewith.

For these reasons, is it appropriate at this time to bring the above information to your attention, to make clear the specifications of the new service and to set out the precise use of the passenger vehicles of Railroad Transfer Service, Inc. therein, in conformity with applicable Federal, State and Municipal laws.

Very truly yours,

Benjamin F. Goldstein
Attorney for Railroad Transfer
Service, Inc.

BFG:LL
cc. Mr. John C. Melaniphy
Acting Corporation Counsel
City of Chicago

Ald. Paul M. Sheridan
Chairman, Committee on Local
Transportation of the City
Council of City of Chicago

PLAINTIFF'S EXHIBIT 39

TRUNK LINE-CENTRAL PASSENGER COMMITTEE
WESTERN PASSENGER ASSOCIATION

Plaintiff's Exhibit 11 | Defendants Exhibit ( ) Iden ( ) Rec'd
In the District Court of the United States, Northern District of Illinois, Eastern Division
No. BEFORE
Ray E. Fuller - Official Court Stenographer
FILED
AUG 15 1950
AT O'CLOCK M.

April 19, 1956

TRANSFER OF BAGGAGE IN CHICAGO

Re 375

Messrs:

J J Alms	2-G W Done	E M Holt	A G Oldsiquist
2-R S Amis	3-I C Bruce	R E Jamieson	H Sengstacken
A N Anderson	R E Coleman	C C Kottenstette	G F Sherman
2-R T Anderson	E R Comer	2-T E LeSueur	3-R J Steiner
F H Baird	W R Godley	A A Mayer	R E Towns
J A Barrett	E E Gordon	P G Nagle	2-R B Weaver
R F Berndt	2-B J Grenrood	2-T E Nerland	J F Whittington
3-J L Bickley	H E Hay	2-R W Ohlman	R C Wood

(Chicago Terminal Lines)

Gentlemen:

For your information, the following has been received from Mr A Baxter, General Manager, Railroad Transfer Service, Inc.:

...

Effective 12-1-55

The charge for handling baggage checked to Chicago and then transferred to another station will be changed from the present rate of $1.20 plus tax for all baggage to a new rate of:

$1.20 plus tax for the 1st piece
and .50 " " " each additional bag
.75 " " " " " trunk

Remember this only applies where the baggage is checked to Chicago and rechecked beyond. IT DOES NOT INVOLVE THE RED CHECK BAGGAGE.

/s/ A Baxter
General Manager

...

Yours very truly,

A J WINKLER

E B PADRICK

Copy to:
2-J J Nolan

P-7
150-W

PLAINTIFF'S EXHIBIT 40

SPECIAL FILE

TRUNK LINE-CENTRAL PASSENGER COMMITTEE
WESTERN PASSENGER ASSOCIATION

June 22, 1951

TRANSFER ARRANGEMENTS IN CHICAGO

Messrs:

R S Amis
2-R T Anderson
L W Bade
F H Baird
R A Bishop
S W Bone
E C Brown
3-G L Bryson
R E Coleman
E R Comer
A Cotsworth, Jr.
3-H C Duvall
A T Erickson
H G Gillis
W R Godley
E E Gordon
H E Hay
T M Hayes
E M Holt
L L Huntoon
R E Jamieson
2-G R Kimbel
2-T E LeSueur
3-A D Martin
T E Nerland
R W Ohlman
A G Oldquist
R A Pearce
E E Pierce
W J Roach
H Sengstacken
5-G F Sherman
R R Spangenberg
R E Towns
J F Whittington

(Chicago Terminal Lines)

PLEASE REPLY BY JULY 6, 1951

Gentlemen:

At meeting of the Chicago Terminal Lines, February 9, 1951, under Subject 3, the following committee was appointed to make a study of all phases of the transfer of passengers and baggage in Chicago, to determine the best methods that might be established for the handling of the traffic under existing conditions:

New York Central, Chairman
AT&SF
B&O
C&NW
Illinois Central
Pennsylvania

You will find attached copy of report of the committee, which is self-explanatory.

With respect to the second paragraph of the recommendation, it is indicated that Chairman Padrick should explore the necessity of the Chicago Terminal Lines continuing the payments as outlined in letter to Mr C L Passolt, Vice President and General Manager, Parmelee Transportation Company, dated November 29, which was attached to our promulgation of November 30, 1950.

PLAINTIFF'S EXHIBIT 40 (Continued)

TRANSFER ARRANGEMENTS IN CHICAGO

Messrs: Amis, Anderson, Bade, etc.

As indicated in our letter of November 29, 1950, the arrangement expires with the month of June 1951, in view of this it is not believed that there is any necessity for further negotiation with the Parmelee Company. However, in the event any advice is received from the Parmelee Company with respect to the continuation of these payments, Chairman Padrick will, as suggested in the recommendation, explore the necessity for the continuation of such payments, and, at that time, will handle the matter further with the Chicago Terminal Lines.

Unless advice is received by Chairman Padrick to the contrary on or before JULY 6, 1951, it shall be understood that the recommendation of the committee is approved and adopted.

Yours very truly,

V ARMOLD

E B PADRICK

Attachment

List P-7
130-W

Copy to: Mr J J Nolan

PLAINTIFF'S EXHIBIT 40 (Continued)

NEW YORK CENTRAL SYSTEM
Passenger Traffic Department

Chicago, June 18, 1951

Mr. E. B. Padrick, Chairman
Western Passenger Association
Union Station, Room 436
516 West Jackson Boulevard
Chicago 6, Illinois

Dear Mr. Padrick:

As Chairman of the Committee appointed by you (E.B.P. February 11, 1951) to study all phases of the transfer of passengers and baggage, Chicago, I am privileged to make the following report, with recommendations -

Committee members included -

Mr. George Gilman, A.G.P.T.M., A.T.& S.F.
Mr. S.F.G. Nelson, A.G.P.A., B.& O.R.R.
Mr. C. E. Quackenbush, A.G.P.A., C.& N.W.
Mr. H. J. Bienterfeldt, A.G.P.A., I.C.R.R.
Mr. E. M. Holt, G.P.A., Pennsylvania R.R.

and that committee, in its initial session, analyzed the scope of the work to be performed and reviewed a list of the companies possessing the apparent ability to perform an over-all transfer service between stations, Chicago.

The 12-month statement (July 1949 to June 1950, inclusive) itemized payments to Parmelee Transportation Company by Chicago Terminal Lines (E.B. P. November 30, 1950) in the amount of $1,405,475.30 for the transfer of passengers and baggage between stations, Chicago, and the committee estimated 10% of such payment accrued to checked baggage only, thus we determined approximately 100,000 passengers are transferred between stations in Chicago each month - this figure was subsequently confirmed in the investigations and interviews conducted by the committee. Also, it was further developed that approximately 80,000 pieces of baggage are checked through Chicago each month.

The magnitude of the work to be performed necessarily narrowed the field of capable organizations possessing the ability to perform the transfer service to the satisfaction of the passenger, the carriers, and the vehicle company.

Accordingly, the committee issued an invitation to

Parmelee Transportation Company
Chicago Gray Line, Inc.
Railway Express Agency

to meet with the committee, in turn, and discuss

1) Transfer of passengers with baggage between stations.
2) Transfer of checked baggage between stations.
3) City pick-up and delivery service.

PLAINTIFF'S EXHIBIT 40 (Continued)

The Parmelee Transportation Company reaffirmed their ability to perform the service required and stipulated the following additional purchase orders had been placed for equipment to be placed in the Chicago transfer service -

40 new baggage transfer trucks, first deliveries made in March, 1951,

85 new limousines, first deliveries expected in September, 1951,

and estimated present capital investment totaled over $500,000 within the city of Chicago, devoted to the transfer of passengers and baggage between railroad stations, plus a maximum of 250 drivers and 55 Passenger Agents.

The Chicago Gray Line, Inc. (Harry J. Dooley, President, April 16, 1951) replied as follows:

"It is our opinion that the Chicago Gray Line can provide an improved service, and very probably in the near future, at a lower cost to the affected rail lines. This to be accomplished by making more complete use of facilities and personnel engaged in this work, and by the introduction and use of modern transportation units designed to render a faster and more convenient service. It is with this thought in mind that we present for your consideration the following program:

"The Chicago Gray Line to provide transfer services for passengers and baggage, as those presently being performed by the Parmelee Transportation Company, at a cost to the affected railroads of $1.00 per passenger. Rates for other parallel services to remain the same as at the present time. This includes the pick-up and delivery of baggage at hotels and other metropolitan points.

"This offer is made with the earnest recommendation that we be given the latitude of making use of equipment of a different design and seating capacity than that in use at the present time. It, of course, being understood that all equipment used by us being adaptable to loading facilities and in keeping with the comfort and appearance necessary to maintain the high standard of service offered by the railroads today. Also, that the Gray Line be permitted to use the desk and office space allocated in the various terminals for the sale and servicing of sightseeing tours, U-Drive cars, and limousine services, in addition to the regular duty of transfer services."

The Railway Express Agency (Walter Reese, Vice President, Chicago, April 7, 1951) replied as follows:

"As stated to you at the time and from information given me as to figure this work is being presently performed by Parmelee, it could readily be seen the figure we would be in a position to quote would be so much in excess of what you are presently paying Parmelee that we could not compete with them."

PLAINTIFF'S EXHIBIT 40 (Continued)

Other organizations, for example

Dixon
Willett
Taxicabs

were analyzed and the committee determined that the transfer at Chicago is of such scope that it would be to the detriment of the carriers to designate a dual service wherein one organization would undertake to handle checked baggage and a second organization handle passengers.

Recommendations - After reviewing the magnitude of the work to be performed, the committee feels that the work and method of the Parmelee Transportation Company continue desirable, and it is our recommendation that the transfer of passengers and baggage, Chicago, remain with the Parmelee Transportation Company as long as the rates and service continue satisfactory to the Terminal carrying lines, Chicago.

Indications to the committee are reasonable that any stipulation beyond the charge of $1.00 for adults and 50 cents for children, covering added payments by the carriers to Parmelee Transportation Company, can be terminated as of June 30, 1951, therefore, it is our further recommendation that you, as Acting Chairman of the Chicago Terminal Lines, explore the necessity of Terminal lines, Chicago, continuing the payments outlined in your letter to Mr. C. L. Passolt under date of November 29, 1950.

Re Chicago Gray Line, Inc. proposition - the thinking of the committee favors present limousine type of service because of its flexibility. Notwithstanding, it is our recommendation that you, as Acting Chairman of the Chicago Terminal Lines, should acknowledge to Mr. Harry J. Dooley that the conditions of transfer of passengers and baggage between stations in Chicago, as performed by the Parmelee Transportation Company today, being satisfactory, it is not our disposition to change the present methods of operation - Likewise it is not our disposition to treat lightly his proposition and his proposition, as submitted, will be retained for future review should there be a material change in service or methods as presently performed.

Yours very truly,

/s/ Sidney W. Bone

Passenger Traffic Manager

Copy Mr. Geo. Gilman
Mr. S.F.G. Nelson
Mr. C.E. Quackenbush
Mr. H.J. Biesterfeldt
Mr. E.M. Holt

PLAINTIFF'S EXHIBIT 41

FOUNDED 1888

BAIRD & WARNER

INC.

CHICAGO 1

July 19, 1955

Mr. Hugh W. Cross
4924 Ft. Sumner Drive
Washington 16, D.C.

Re: 320 Margate Terrace, Deerfield, Illinois

Dear Hugh:

I talked to Mr. Diver on the phone this morning and he said that he had drawn up an agreement for Mrs. Erickson to sign agreeing to deliver the personal property as mentioned in my letter of July 12th.

He expected Mrs. Erickson in his office today to sign the contract and this agreement and he would send the signed copy of the agreement to you and also mail one to our office.

As soon as the agreement is signed by Mrs. Erickson I am going to take an architect friend of mine over to the house and get his ideas and the approximate cost of providing a room for your maid.

As soon as you receive the signed agreement relative to personal property I suggest that you send the $4,500 to Mr. Diver.

Please send me a copy of your letter as I want to keep my records clear.

Yours sincerely,

BAIRD & WARNER, INC.

Albert A. Wilbur

AAW/pw

COPY

PLAINTIFF'S EXHIBIT 42

FOUNDED 1898

BAIRD & WARNER

INC

CHICAGO 1

MAIN OFFICE
135 NORTH DEARBORN ST
CENTRAL 6-1000

REAL ESTATE
SALES & MORTGAGES
PROPERTY MANAGEMENT
APPRAISALS & INSURANCE

November 14, 1955

Mr. Clarence A. Rivers
Rivers, Rivers and Allen
1 Madison Street
Waukegan, Illinois

Dear Mr. Rivers:

Tried to reach you on the phone this morning, but was told you were out until later this afternoon.

I received the papers from Mr. Cross and am sending a letter instructing him to send the money to me so that if you have the title cleared up we believe we can close the deal Thursday or Friday of this week.

Yours sincerely,

BAIRD & WARNER, INC.

Albert A. Wilbur

AAW:w

Divs. Sold

11-23.

PLAINTIFF'S EXHIBIT 43

November 10, 1955

Pl 43

MEMO:

Re: Erickson - Cross
Our File No. 81.3-A

Conversation had with Albert A. Wilbur:

Mr. Wilbur telephoned CWD and stated that in view of the Senate Committees investigation with reference to Hugh Cross, Mr. Cross was more anxious than ever to draw the deal and would gladly forfeit the $4500.00 already paid. CWD told Mr. Wilbur that we would not accept the forfeiture for $4500.00 in lieu of going through with the deal; that we would enforce the Contract by a suit for specific performance in the Circuit Court unless the deal was culminated.

Mr. Wilbur then stated that he had told Mr. Cross under the circumstances that he, as a friend of his, would be willing to put up the money to complete the contract and then resell the property as soon as possible.

Mr. Wilbur stated that he thought there should be an assignment of the contract. CWD stated that he would want to consider that before stating that Mrs. Erickson would agree to it and that he call Mr. Wilbur in the morning of November 17th.

CWD then conferred with DR and TWD and decided after the conference that inasmuch as the Deeds have been recorded showing the title in Hugh W. Cross and Helen M. Cross, his wife, as joint tenants; that no assignment of the contract was in order or necessary from any angle and that all that remainded to be done was the payment of the balance of the purchase price, the mortgage having already been assumed by the purchasers, as stated in the recorded Deeds.

PLAINTIFF'S EXHIBIT 43 (Continued)

-2-

Whatever arrangements Mr. Cross or Mr. Wilbur chose to make with reference to having Mr. Cross and his wife convey to a Trustee or whatever papers should be drawn to protect Mr. Wilbur is something we have nothing to do with and is distinctly in their hands to arrange as they see fit.

The main question here now is the payment of the balance of the purchase price in closing the deal.

CWD told Mr. Wilbur that he had the no tax letter, which with the Affidavit Mrs. Erickson is to sign would clear sub paragraph (a) and (b) under Item 15 and remove all material objections.

PLAINTIFF'S EXHIBIT 44

November 17, 1955

MEMO:

Re: Erickson - Cross
Our File No. 8123-A

In a telephone conversation with Mr. Wilbur, CWD pointed out that there was no need of having any assignment of the contract of purchase by Hugh W. and Helen M. Cross; that the Deed carrying the title had already been filed of record and if Mr. and Mrs. Cross desired to have the title transferred to another person or a bank as Trustee that it would necessary for them to make a Deed of conveyance to such grantees.

Mr. Wilbur stated that Mr. and Mrs. Cross would like to dispose of the chattel property. CWD stated that they would have to make a Bill of Sale to the person to whom they desired the title of the chattels transferred.

Mr. CWD stated to Mr. Wilbur that in order that everyone be protected, the insurance policy should be assigned by the American National Bank and Trust Company, as Trustee, to Mr. and Mrs. Cross and then Mr. Cross could make whatever assignments were necessary when he transferred the title to the real estate and improvements thereon.

CWD stated that Mrs. Erickson was getting very impatient and restive and desired the deal to be closed without further delay.

Mr. Wilbur stated that he was going to take over the property and make the final payment required by Mr. Cross and that he had to have certain papers executed by Mr. Cross to protect him. He stated that it would be impossible to close the deal Friday the 18th, as contemplated, but that he hoped to close it next Tuesday, the 22nd.

PLAINTIFF'S EXHIBIT 44 (Continued)

-2-

CWD stated that he would like to be able to tell Mrs. Erickson that it positively would be closed on that date. Mr. Wilbur assured CWD that as far as he could see there would be nothing to interfer with the closing and that he would bring the insurance policy with him so that the same could be prorated according to the terms of the agreement.

PLAINTIFF'S EXHIBIT 45

CALUMET 8-7474

Plaintiff's Exhibit / Defendant's Exhibit / Mem. Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division
No. BEFORE MINER, J.
Roy E. Feller - Official Court Reporter

Lasham Cartage Co.

2601 ARCHER AVENUE
CHICAGO 8

March 11, 1955

Mr. Hugh E. Cross
Carrollton, Illinois

Dear Sir:

Please furnish a quotation on equipment for use as a Tractor for delivery at Chicago, Ill. to be used in Pickup - Delivery operation. 5 units.

Rating: G.V.W. _____
G.C.W. 50,000 Lbs.

Cab: COE or Tilt

Wheelbase: _____ C.A. Dimension: 72"

Engine: Cu. In. Disp. Standard Clutch Heavy Duty

Transmission: 5 Speed Direct in 5th

Front Axle: 9,000 Lbs.

Rear Axle: 22,000 Lbs. Gear Ratio: 7.2-1

Brakes: Air Brakes

Tires: Front 1000x20 12 Ply Rear 1000x20 12Ply Dual

Wheels: Spoke with rims.

Extra Equipment: Front Turn Signals - Trailer Connections - 6 Way Tractor - Light Plug - Hand Control Valve - Limiting Valve Front Brakes Conversion Valve (Air to vacuum) - Low pressure Indicator - 50 gallon Safety Tank - Fresh Air Heater & Defroster - Dual Mirrors - Dual Wipers - 2 Front Towing Eyes - Break a Way Valve - I.C.C. Lighting - Grill Guard.

Please advise what delivery can be expected on this equipment. If this model is available in both COE and Tilt Cab, please furnish quotation on both models.

Kindly forward quotation to Mr. E. J. Arndt, Purchasing Agent, Lasham

PLAINTIFF'S EXHIBIT 45 (Continued)

Mr. Hugh E. Cross March 11, 1955

Cartage Co., 345 Hudson Street, New York 14, N.Y., allowing a copy of same to the undersigned.

Yours very truly,

LASALLE CARTAGE CO.

F. L. Fonaco
District Manager

FLF/ha

CALUMET 5-7474

PLAINTIFF'S EXHIBIT 46

Lasham Cartage Co.

2601 ARCHER AVENUE

CHICAGO 8

March 11, 19[illegible]

Re: [illegible]
[illegible]

Dear Sir:

Please [illegible] for [illegible] to be used in [illegible] service.
20 Units.

Rating: [illegible] oil filter
[illegible] 29,000

Cab: [illegible] Cab Forward

Wheelbase: [illegible] A. Dimension: [illegible] 60"

Engine: [illegible] 264 Std 11"

Transmission: [illegible] OK

Front Axle: [illegible] 4,700

Rear Axle: [illegible] 13,000 [illegible] 7.66-1

Tires: [illegible] Goodyear

Rims: [illegible] 10 ply [illegible] 10 ply

Fuel: [illegible]

Extra Equipment: [illegible] Ext. Vacuum [illegible]

Please advise what [illegible] equipment. [illegible]

Truly Yours, [illegible]

PLAINTIFF'S EXHIBIT 46 (Continued)

Mr. Hugh E. Cross March 11, 1952

Cartage Co., 345 Union Street, New York 14, N.Y., allowing a copy of same to the undersigned.

Very truly,

ALCA CARTAGE CO.

F. J. Tonaco
District Manager

FJT/ha

PLAINTIFF'S EXHIBIT 47

Calumet 5-7479

PURCHASE ORDERS

NO. 949 (o)

FROM
LASHUM CARTAGE CO.
2601 ARCHER AVE.
CHICAGO 8, ILLINOIS

DATE: 4/12/56

Plaintiff's Exhibit 47 Defendant's Exhibit
In the District Court of the United States, Northern District of Illinois, Eastern Division
No.
BEFORE MINER, J.
Roy E. Fuller - Official Court Reporter

Carrollton Farm Supply

Carrollton, Illinois

Attention: Mr. Russ Cross, Jr.

26373

QUANTITY	DESCRIPTION	
	(NEW EQUIPMENT)	
2	International Tractors - Model RC-162 - W.B. 106" - C.A. 60"	$2450.00 each
5	International Tractors - Model CO-263 - W.B. 98" - C. A. 71-11/16"	$5850.00 each

APPROVED
APPROVE

LASHUM CARTAGE CO.

PER:

CALUMET 5-7474

PLAINTIFF'S EXHIBIT 48

Lasham Cartage Co.

2601 ARCHER AVENUE

CHICAGO 8

Division of
United States Gypsum Co.
300 Madison St.
New York 14, N.Y.

AUG 15 19[illegible]

April 12, 1945

Carrollton Farm Supply
Carrollton, Illinois

Attention: Mr. Hugh Cross, Jr.

Re: Our Purchase Order #949

Dear Sir:

As per our conference of yesterday, we submit our purchase order for the following tractor equipment (as per our conference of yesterday):

25 International Tractors - Model RC-162 - W.B. 106" - C.A. 60"
Engine - 264 cu. in.
Transmission - 4 speed Synchromesh
Front Axle - 4700# Heavy Duty Springs
Rear Axle - 13000# Heavy Duty Springs - Ratio 7.166
Tires - Front - 9.25x20 - 10 ply
Tires - Rear - 11.25 x20- 10 ply - Duals
Tire Preference - Goodyear
Hydrovac Booster
Semi-Trailer Connections
Hand Control Valve
6 Way Tractor Light Plug
Deluxe Oil Filter
Dual Wipers
Fresh Air Heater and Defroster
L.H. Extension Mirror
R.H. Extension Mirror
Double Faced Turn Signals
Vacuum Reserve Tank
Cab Marker Lights
Grille Guard
30 gal. Safety Tank (Right side)
Paint - Cab - #10 Int. Brown
Chassis and Wheels - Red

(Scrawled)

PLAINTIFF'S EXHIBIT 48 (Continued)

Mr. Hugh Cross, Jr.
Carrollton Farm Supply
Carrollton, Illinois

April 12, 1955

5 International Tractors - Model CO-205 - W.B. 99" - C.A. 71-11/16"
Tilt Cab
Engine - 406 cu. in.
Transmission - F520 - 5 Speed - Direct in 5th
Front Axle - FD 900
Rear Axle - 22000# - Ratio 7.166
Tires - Front - 1000x20 - 12 ply
Tires - Rear - 1000x20 - 12 ply - Duals
Tire Preference - Goodyear
Rims - 7.50V
Air Brakes
Semi-Trailer Connections - Breakaway Valve
Low Pressure Buzzer
Hand Control Valve
Conversion Valve Air to Vacuum
Front Wheel Limiting Valve
Fresh Air Heater
R.H. Extension Mirror
L.H. Extension Mirror
Dual Electric Wipers
2 Front Towing Eyes
6 Way Tractor Light Plug
Cab Marker Lights
50 gal. Safety Tank (Right side)
Paint - Cab - #10 Int. Green
Chassis and Wheels - Red
Double Faced Turn Signals
Delivered F.O.B., Fort Wayne, Indiana at invoice cost plus $150.00 per unit, as quoted in your letter of April 11th.

Kindly acknowledge, and advise earliest possible delivery date.

Yours very truly,

INTERNATIONAL HARVESTER CO.

( )

R. F. Bowman
Vice-President

RFB/ha

PLAINTIFF'S EXHIBIT 49

Plaintiff's Exhibit 49 Defendant's Exhibit

In the District Court of the United States, Northern District of Illinois, Eastern Division
No.

Roy E. Fuller - Official Court Reporter

BEFORE Minch, J.

April 14, 1956

Lasham Cartage Co.
2601 Archer Ave.
Chicago 8, Illinois

12 C 373

ATTENTION: R. C. Newman

Dear Mr. Newman:

Regarding our telephone conversation of April 13, 1956 with reference to price increase of Truck on your purchase order # 940, I confirm that the increase will be upgrade to $100.00 per truck on the 100-Pickup, and upgrade to $00.00 per truck on the 50-200 Mobile. These prices are list prices, they are also round figures prices, any variation deemed will naturally be in your favor and passed along to you accordingly.

Trusting the above information is agreeable, I remain.

Your's truly,

CAPOLLTON [illegible] COMPANY

Hugh E. Cross

HEC:ek

PLAINTIFF'S EXHIBIT 50

June 8, 1955

Division of United States Freight Co.
345 Hudson Street
NewYork 14, New York

ATTENTION: Ray Newmann

Dear Mr. Newmann:

Enclosed you will find an exact copy of International Harvester Company Motor Truck Invoice. A tape has been run on their total to confirm the exact amount.

I am pleased to find that the Invoice Price is less than the price originally quoted.

I have called Chicago and told Mr. Monaco the invoice has been sent to you and upon receipt of your check, will release the trucks from Springfield, Ohio for your usage.

I am still working on the five (5) of CO-[illegible] and hope to be able to release these trucks when they are available realising your urgent need for them.

I will keep in touch with you and the Chicago office.

Thanking you again.

Sincerely yours,

CARROLLTON PAPER SUPPLY COMPANY

Hugh E. Cross

HEC:ok

PLAINTIFF'S EXHIBIT 51

UNION LEAGUE CLUB OF CHICAGO

HUGH W CROSS
No. 4270

Parmalee & 4

NAME Hugh W Cross

STREET ADDRESS 4924 2k Sumner Dr.

CITY Wash. STATE DC,

GUEST OF _____ No. _____

1119 CROSS HUGH W

ROOM	RATE	CLERK	BELLMAN
	800	SF	

NOTICE: The Club maintains a safe for the convenience of members and guests. However, any and all deposits made therein are made at the sole risk of depositing members or guests.

Plaintiff's Exhibit 51 Defendant's Exhibit — Identified — Received.

In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.

No. 56 C 323

Roy E. Fuller - Official Court Reporter

1955 JUN 3 PM 5 39

1955 JAN 31 PM 10 50

PLAINTIFF'S EXHIBIT 52

HUGH W CROSS Farmall Cy 3

UNION LEAGUE CLUB OF CHICAGO

No. 7075

NAME Hugh W Cross

STREET ADDRESS 4924 Ft Summer Dr

CITY Wash STATE DC.

GUEST OF _____ No. _____

7114 CROSS 1-14-54 W.

ROOM	RATE	CLERK	BELLMAN
	7	2 12	

NOTICE !

The Club maintains a safe for the convenience of members and guests. However, any and all deposits made therein are made at the sole risk of depositing members or guests.

1955 JUN 28 AM 8 04

1955 JUN 30 PM 4 52

PLAINTIFF'S EXHIBIT 53

July 8, 1955

Hon. Hugh W. Cross
4924 Ft. Sumner Dr
Washington 16, D.C.

Dear Mr. Cross:

We submit ~~a~~ enclosed contract for your approval.

Please let us know if it is satisfactory and we will obtain Miss Caldwell's signature.

Yours truly,

PLAINTIFF'S EXHIBIT 54

INTERSTATE COMMERCE COMMISSION
WASHINGTON

1103

July 10/55.
4924 34th. Sumner Dr.
Washington 16 D.C.

Dear Mr. Diver:

Enclosed are the 2 copies of the contract signed by Mrs Cross and myself. The check for $4500.00 I will mail within 10 Days.

You might say to Mrs. Erickson that we may want to inspect the premises during the summer, but that we would endeavor to let her know in advance.

Please treat this matter in confidence and withhold the use of my name.

Sincerely

Hugh W. Cross

PLAINTIFF'S EXHIBIT 55

ARTICLES OF AGREEMENT

HUGH W. CROSS and HELEN M. CROSS, his wife, agree to buy at the price of Thirty-eight Thousand and no/100 Dollars ($38,000.00), which includes the mortgage indebtedness hereinafter specified, the following described real estate in Lake County, Illinois:

> Lot 30 (except the West 52 feet thereof), Lot 31 and the West 52 feet of Lot 32 in Block 1 in H. M. Cornell Company's Addition to Briarwoods, being a Subdivision of Block 10 and Lots 1 to 21, both inclusive, in Block 24 in H. O. Stone and Company's Addition to Deerfield, in Sections 28 and 29, Township 43 North, Range 12, East of the 3rd P.M., also the South 65 feet of the East 130 feet of the West 516 feet of the North West quarter of the South East quarter of Section 28, Township 43 North, Range 12, East of the 3rd P.M., in Lake County, Illinois.

and MARGUERITE K. ERICKSON agrees to sell said premises for said price and to convey or cause to be conveyed to the buyers good title thereto by a good and sufficient deed with release of dower and homestead rights , subject only to:

1. Special Assessment West Skokie Drainage District Warrant No. 5303, County Court, Lake County, Illinois, for repairing and keeping in repair the West Skokie Drainage District ditch, confirmed October 15, 1952, for $12.00 each year on Lots 23 to 34 (as a tract), in Block 1 in Subdivision aforesaid, payable annually in one installment, that remains unpaid of record, which is a continuing annual assessment, the 1954 annual assessment and all prior assessments having been paid.

2. General taxes for the year 1955 and subsequent years.

3. Rights and easement of public utilities and restrictions, covenants and conditions as contained in the plat of said subdivision and certain deeds recorded in the Recorder's Office of Lake County, Illinois as Documents 428459, 283217, 755918, 245274, relating to location, cost, kind and character of buildings and use of premises.

4. Zoning and building laws or ordinances.

5. Possession to be given buyers on September 15, 1955.

- 1 -

PLAINTIFF'S EXHIBIT 55 (Continued)

5. Roads and highways, if any.

6. Principal indebtedness aggregating on the 1st day of July $22,729.90 represented by the note of the American National Bank and Trust Company of Chicago, a national banking association, as Trustee under Trust No. 8643, to the Chicago Title and Trust Company, an Illinois Corporation, payable monthly as therein stated, the balance being due July 1, 1968, with interest at the rate of 5 % and the covenants, conditions and agreements therein contained.

Water taxes, utility services, insurance premiums and accrued mortgage interest are to be adjusted prorata as of the date of the delivery of said Deed and the Insurance Policies shall be assigned to the buyers. General taxes for the year 1955 are to be prorated from January 1st to the date of delivery of the Deed, if the amount of such taxes is not then ascertainable, the prorating shall be on the basis of the amount of the most recent ascertainable taxes.

The buyers have paid the sum of Forty-five Hundred and no/100 Dollars ($4500.00) earnest money to be applied on the purchase price and it is understood and agreed that this sum of $4500.00 shall be used by the buyers to purchase the equity in said premises owned by Kenneth E. Erickson, husband of the seller, at the time of his death on November 9, 1954, and whose estate is now pending in the Probate Court of Lake County, Illinois as No. 21739, and said buyers agree to pay within five (5) days after title is shown to be good or is accepted by the buyers the balance of said purchase price over and above the mortgage indebtedness, then and there remaining unpaid, which said

PLAINTIFF'S EXHIBIT 55 (Continued)

mortgage indebtedness then and there existing the buyers assume and agree to pay as part of the purchase price hereof. Within 30 days from date hereof, seller shall deliver to buyers or their agent (which delivery may be made at office of Baird and Warner, 215 N. Dearborn Street, Chicago, Illinois) as evidence of title covering date hereof, showing record title in seller (or grantor) Owner's Guarantee Policy of Illinois Title Company in the amount of the purchase price or its customary preliminary report on title subject to the usual objections contained in such policies, though, if such report be furnished, seller shall deliver such guarantee policy when deed is delivered, but seller, on furnishing such report shall not be in default to furnish policy until ten days after demand therefor by buyers, such policy or report on title to be conclusive evidence of good title subject only to the exceptions therein stated.
If evidence of title furnished discloses any defect in title except matters to which this sale is subject by the terms hereof seller shall have sixty days, computed from delivery of evidence of title in which to cure all defects, to which this sale is not subject. If such defects in title be not cured within such sixty days buyers may terminate this contract or may at their election take the title as it then is (with right to deduct from purchase price liens of definite or ascertainable amount) on giving seller notice of such election and tendering performance. If no such notice be given or tender made within ten days after notice to buyers of seller's inability to cure such defects, this contract then shall be null and void. If this contract be

PLAINTIFF'S EXHIBIT 55 (Continued)

terminated except for buyer's default earnest money shall be returned.

If buyers defaults hereunder, then, at the option of seller, earnest money shall be forfeited as liquidated damages and this contract then shall be null and void.

If, prior to delivery of deed hereunder, the improvements on said premises shall be destroyed or materially damaged by fire or other casualty, this contract shall, at the option of buyers, become null and void. Payment of purchase price and delivery of deed shall be made at office of Baird and Warner, 215 N. Dearborn Street, Chicago, Illinois.

All notices and demands herein required shall be in writing. The mailing of a notice by registered mail to seller at the offices of Diver, Diver and Ridge, 216 Madison Street, Waukegan, Illinois, or to buyers at the offices of Baird and Warner, 215 N. Dearborn Street, Chicago, Illinois shall be sufficient service thereof, on date of mailing.

Seller agrees to pay a broker's commission of Nineteen Hundred and no/100 Dollars ($1900.00) to Baird and Warner.

Time is of the essence of this contract. The words "date hereof" mean date of delivery of this contract.

Dated this 11 day of July, A. D. 1955.

Executed in Duplicate:

Hugh M Cross

Helen M Cross

Marguerite K. Erickson

PLAINTIFF'S EXHIBIT 56

aug 5-aug 11 - out of Town
aug 20 - Sept 6 - out of Town

EXCLUSIVE LISTING

Date July 11-55

In Consideration of One Dollar ($1.00) receipt of which is hereby acknowledged, I or we constitute and appoint **W. C. & A. N. MILLER DEV. CO.** the exclusive agent for the sale of the real estate described on front of this card for a period of September 55 days from date hereof. I or we agree to pay **W. C. & A. N. MILLER DEV. CO.** the usual brokerage commission on any sale consummated during the period of this exclusive agreement, or on any sale consummated through the efforts of **W. C. & A. N. MILLER DEV. CO.** in advertising or otherwise offering the property for sale, said commission to be paid whether sale is made by **W. C. & A. N. MILLER DEV. CO.** myself or any broker or brokers. Except a reservation that if I sell to Harold DeVeau there will be no commission due the above agent on such sale

W. C. & A. N. MILLER DEVELOPMENT COMPANY

By J. R. Adams
Agent

Hugh W. Cross Owner
4924 Ft. Sumner Dr Address
Ad 2-6019 Telephone

Miller Ex 2A for id

4924 Ft. Sumner

LISTING CARD Trick lock on front.

EXCLUSIVE ☒ GENERAL ☐

EXPIRATION DATE LISTED 7/11/55 LISTER: Shaw

BLOCK NO. 6 SQ. NO. LOT NO. 17 LOT SIZE 110 x 142 SQ. FT.

STYLE Ranch CONSTRUCTION Frame & Brick Veneer

ROOF Asph. Tile YEAR BUILT 1953 INSULATED Yes STORM W. Yes SCREENS Yes W. STRIPPED Yes

GARAGE Built NO. CARS 2 HEAT Gas Fired HW HEAT COST $150 TAXES 46.12

FRONT PORCH Stone SIDE PORCH Slab REAR PORCH SLEEPING PORCH

FIRST FLOOR PLAN: L.R. D.R. 3 B.R. Den Tile Bath

SECOND FLOOR PLAN:

THIRD FLOOR PLAN:

BASEMENT PLAN: Game Room Fireplace Utility Small Lav

REMARKS: all all-season weather Heat Excellent condition

VACANT
KEY AT OFFICE
OCCUPIED
NAME AND TEL. NO. FOR APPOINTMENTS

If front door becomes stuck, we are authorized to break down or do anything to get at front.

Office { Mrs E-7460 Cap 7-19 Tom

Hugh W. Cross Ad 2-6019

EXISTING TRUST	INT.	HELD BY	PAY OFF POSSIBILITIES, ETC.
1ST 14790	4½	Prudential	142.40 yrs
2ND			37,000 11-11-55
CASH	COMMITTMENTS		SECOND TO POSSIBLE 22,500.00 AMB
	Owner 823.00		

ADDRESS AREA SALE PRICE BED R. BATH

4924 Ft. Sumner Dr. Sumner 24,750 4 3

VIA IO-LAREN

PLAINTIFF'S EXHIBIT 57

HUGH W. CROSS
[redacted]
4924 34th. Sumner Dr.
Washington 16 D.C.

July 24/55

Mr. Clarence Diver
210 Madison St.
Muskegon, Mich.

Dear Mr. Diver:

Receipt is acknowledged of the contract and supplemental contract each signed by Mrs. Simpson. The supplemental contract & cover letter to Mrs. Cross for signature. She is at present at Twin Lakes, Mich. It should reach you in a few days.

I am asking that Mrs. Cross and I be in Muskegon about August 7 to 10th. If so we would like to spend some time at the house that I designed for so hurriedly. I may write to Mrs. C. and ascertain if she will be there then.

I appreciate the valuable assistance you rendered.

Sincerely,

Hugh W. Cross

PLAINTIFF'S EXHIBIT 58

10

MR & MRS HUGH W CROSS

UNION LEAGUE CLUB OF CHICAGO

Parmalee Et 5

No. 871

NAME Hugh W Cross & Mrs Cross

STREET ADDRESS 4924 W. Sumner Dr.

CITY Wash. STATE D. C.

GUEST OF _____ No. _____

1820 CROSS HUGH Mr & wife

ROOM	RATE	CLERK	BELLMAN
1	1400	DL	

NOTICE

The Club maintains a safe for the convenience of members and guests. However, any and all deposits made therein are made at the sole risk of depositing members or guests.

1955 AUG 11 AM 7 43

1955 AUG 7 PM 4 57

PLAINTIFF'S EXHIBIT 59

~~INTERSTATE COMMERCE COMMISSION~~
WASHINGTON

4924 St. Sumner Dr.
Wash 16 D.C.

HUGH W CROSS
COMMISSIONER

July 27/55

Dear Mr. Diver:

Enclosed is my check payable to you as attorney for $4500.00 covering the earnest money payment under the purchase contract entered into with Marguerite K. Erickson. While you letter did not request the payment, I deem it proper for you to have this.

Please either execute a receipt for this amount or advise by letter to that effect.

Sincerely,

Hugh W. Cross

Mr. Clarence W. Diver
216 Madison St.
Waukegan, Ill

PLAINTIFF'S EXHIBIT 60

Mr. Albert A. Wilbur
215 North Dearborn Street
Chicago, Illinois

Dear Mr. Wilbur:

In consideration of your paying out the money to fulfill the terms of the contract dated the 11th day of July, 1955 between Hugh W. Cross and Helen M. Cross, as the purchaser, and Marguerite K. Erickson, as the seller, on the property located at 320 Margate Terrace, Deerfield, Illinois, we hereby assign to you all of the rights, title and interest we may have in said agreement and give you full authorization in everything pertaining to the handling of the sale of this property. Witnessed our hands and seal this 18th day of November, 1955.

Hugh W. Cross (Seal)
Hugh W. Cross

Helen M. Cross (Seal)
Helen M. Cross

PLAINTIFF'S EXHIBIT 61

Mrs. Marguerite K. Erickson
c/o Diver, Diver and Ridge
216 Madison Street
Waukegan, Illinois

Dear Mrs. Erickson:

We hereby direct and authorize you to have the Bill of sale for the personal property as per our agreement of the 11th day of July, 1955 to be made direct to the LaSalle National Bank as Trustee under the provisions of trust agreement dated the 9th day of November, 1955 and known as trust number 18514. Witnessed our hands and seal this 18th day of November, 1955.

Hugh W. Cross (Seal)
Hugh W. Cross

Helen M. Cross (Seal)
Helen M. Cross

PLAINTIFF'S EXHIBIT 62

HUGH W. CROSS—CHAIRMAN OF THE INTERSTATE COMMERCE COMMISSION

HEARING

BEFORE THE

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

OF THE

COMMITTEE ON GOVERNMENT OPERATIONS UNITED STATES SENATE

EIGHTY-FOURTH CONGRESS

SECOND SESSION

NOVEMBER 15, 1955

Printed for the use of the Committee on Government Operations

Plaintiffs Exhibit 62 Defendants Exhibit ( ) Iden. ( ) Rec'd.
In the District Court of the United States, Northern District of Illinois, Eastern Division BEFORE MINER, J.
No.
Roy E. Fuller - Official Court Reporter

RECEIVED
AUG 15 1960
AT O'CLOCK
ROY H. JOHNSON

UNITED STATES GOVERNMENT PRINTING OFFICE
WASHINGTON : 1956

70850

PLAINTIFF'S EXHIBIT 62 (Continued)

COMMITTEE ON GOVERNMENT OPERATIONS

JOHN L. McCLELLAN, Arkansas, *Chairman*

HENRY M. JACKSON, Washington	JOSEPH R. McCARTHY, Wisconsin
JOHN F. KENNEDY, Massachusetts	KARL E. MUNDT, South Dakota
STUART SYMINGTON, Missouri	MARGARET CHASE SMITH, Maine
SAMUEL J. ERVIN, JR., North Carolina	NORRIS COTTON, New Hampshire
HUBERT H. HUMPHREY, Minnesota	GEORGE H. BENDER, Ohio
STROM THURMOND, South Carolina	THOMAS E. MARTIN, Iowa

WALTER L. REYNOLDS, *Chief Clerk*

PERMANENT SUBCOMMITTEE ON INVESTIGATIONS

JOHN L. McCLELLAN, Arkansas, *Chairman*

HENRY M. JACKSON, Washington	JOSEPH R. McCARTHY, Wisconsin
STUART SYMINGTON, Missouri	KARL E. MUNDT, South Dakota
SAMUEL J. ERVIN, JR., North Carolina	GEORGE H. BENDER, Ohio

ROBERT F. KENNEDY, *Chief Counsel*
DONALD F. O'DONNELL, *Assistant Chief Counsel*
JAMES N. JULIANA, *Chief Counsel to the Minority*

PLAINTIFF'S EXHIBIT 62 (Continued)

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Keeshin, John L	27
O'Donnell, Donald F	24

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PLAINTIFF'S EXHIBIT 62 (Continued)

HUGH W. CROSS, CHAIRMAN OF THE INTERSTATE COMMERCE COMMISSION

(On January 9, 1956, Senators John L. McClellan (chairman), Henry M. Jackson, Stuart Symington, and Sam J. Ervin, Jr., voted to make this executive testimony of November 15, 1955, public. Senators Joseph R. McCarthy, Karl E. Mundt, and George H. Bender voted against it being made public.)

TUESDAY, NOVEMBER 15, 1955

UNITED STATES SENATE,
PERMANENT SUBCOMMITTEE ON INVESTIGATIONS OF THE
COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to Senate Resolution 41, agreed to February 21, 1955, in room 357 of the Senate Office Building, Senator John L. McClellan (chairman of the subcommittee) presiding.

Present: Senators John L. McClellan, Democrat, Arkansas; Henry M. Jackson, Democrat, Washington; Sam J. Ervin, Jr., Democrat, North Carolina; Joseph R. McCarthy, Republican, Wisconsin.

Also present: Robert F. Kennedy, chief counsel to the subcommittee; Donald F. O'Donnell, chief assistant counsel; James N. Juliana, chief counsel to the minority; Paul E. Kamerick, Assistant Counsel; J. Fred McClerkin, legal research analyst; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The subcommittee will come to order, and the Chair will make this preliminary statement for the record.

(The Senators present at the convening of the session were Senators McClellan, Ervin, and Jackson.)

The CHAIRMAN. There came to this committee information of certain possible actions on the part of Mr. Hugh W. Cross, Chairman of the Interstate Commerce Commission. The information was of such a nature as to arrest the attention of this committee, and a preliminary investigation by the staff of the reported facts has been made. That preliminary investigation has led to conferences between the chairman and Mr. Cross and other parties of interest. That information also has indicated to the chairman that at least executive hearings should be held to get the facts on record under oath.

It is not easy to get the whole truth in a matter by the staff going out and interrogating witnesses. Sometimes it is difficult even to get the whole truth on record under oath. But under the facts as they have been developed, or at least the information that has been developed, I think it is the duty of this committee to pursue it for two purposes:

PLAINTIFF'S EXHIBIT 62 (Continued)

One is to find out whether any act or actions of wrongdoing have been committed. First, if so, the committee will take cognizance of it and be governed accordingly.

If the committee finds, secondly, that the allegations or the information upon which this investigation is premised is not substantiated by the facts, then the committee should so report in fairness and in all deference to those who may be involved.

I reported to the committee yesterday afternoon in executive session, and the staff made its report to the committee of information we have. On that basis, the committee unanimously agreed to hold executive sessions today. That is the purpose of this meeting.

We have Mr. Paul Feucht, the first witness we will hear from. Has any member of the committee any comment, before we proceed to hear the testimony?

All right, Mr. Feucht, will you stand and be sworn please sir?

Do you solemnly swear that the evidence you shall give before this Senate investigating subcommittee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FEUCHT. I do.

TESTIMONY OF PAUL E. FEUCHT

The CHAIRMAN. Be seated, please, sir.

Mr. Reporter, let your record show that the opening statement of the Chair was made in the present of the witness.

Mr. Feucht, I am sure that you already know your rights as a citizen and as a witness. You are entitled to have counsel represent you if you so desire.

Mr. FEUCHT. I don't care to have any counsel.

The CHAIRMAN. Thank you very much. Then you are ready to proceed? You do not desire counsel?

Mr. FEUCHT. That is right.

The CHAIRMAN. All right, Mr. Feucht.

Will you state your name and your occupation and residence, and give us your background, please?

Mr. FEUCHT. Paul E. Feucht, president of the Chicago and Northwestern Railway Co., with office address at 400 West Madison Street, Chicago, Ill.

The CHAIRMAN. How long have you been president of this company?

Mr. FEUCHT. Since January 1, 1953.

The CHAIRMAN. Does your railroad service the Chicago area?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. How many railroads serve that area, if you recall?

Mr. FEUCHT. As I recall, 26 trunklines, and about 14 short lines, if my memory serves me correctly; something like that.

The CHAIRMAN. Do they all have the same terminal in Chicago?

Mr. FEUCHT. Oh no. There are quite a number of different terminals.

The CHAIRMAN. And what are the arrangements for transferring passengers and luggage from one terminal to another? What arrangements has the railroad made about that?

Mr. FEUCHT. Well, the railroads have a transfer service that handles passengers and baggage between the various terminals, like between our station, the Northwestern Station, and Union Station,

PLAINTIFF'S EXHIBIT 62 (Continued)

and La Salle Street Station, and Dearborn, Illinois Central terminal, and we have had that for quite a number of years.

The CHAIRMAN. How is that handled? Is it by the railroads themselves or by arranging with some transfer service, or some other agency to do that?

Mr. FEUCHT. It is handled by a transfer service.

The CHAIRMAN. It is not a transfer service; not owned or controlled by the railroads?

Mr. FEUCHT. That is correct.

The CHAIRMAN. What procedure is taken by the railroads to procure that kind of service? Does each railroad make a separate contract with the transfer company? Just give us the story about how it is handled.

Mr. FEUCHT. Well, for years the transfer service has been handled by Parmalee with an arrangement made by all of the railroads in Chicago on the basis of so much for handling each passenger and his baggage. I cannot tell you what the details of the handling charges are at all. That is not in my jurisdiction. That is handled by the passenger people on my railroad, in conjunction with the passenger people on the other railroads.

The CHAIRMAN. At this stage of the proceedings, that information would not necessarily be pertinent to the subject under inquiry, and if it should become pertinent later, we can secure that information from you, or from someone else who has the facts. So you may proceed.

Mr. FEUCHT. That is about the size of it.

The CHAIRMAN. Do the railroads have a committee representing each railroad, and possibly a subcommittee that makes the contracts and makes the arrangements for all of the railroads for this transfer service?

Mr. FEUCHT. Yes; that is done by the Western Passenger Association.

The CHAIRMAN. The Western Passenger Association?

Mr. FEUCHT. Yes. That is headed by Mr. Padrick, I think it is, who is chairman of the Western Passenger Association.

The CHAIRMAN. And that association is composed of railroads as members?

Mr. FEUCHT. Of all the railroads in Chicago; yes, sir.

The CHAIRMAN. Of all the railroads serving Chicago?

Mr. FEUCHT. That is right; that have any passenger business.

The CHAIRMAN. So you have this Western Railroad Association, representing all of the railroads that handle passengers?

Mr. FEUCHT. That is correct.

The CHAIRMAN. Now, that association, does each railroad have representation in this association?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. And then does the association have an executive committee or some committee that acts for it in making the arrangements for the transfer of passengers and luggage?

Mr. FEUCHT. To the best of my knowledge, no. It is handled by the entire committee.

The CHAIRMAN. How many are on that committee?

Mr. FEUCHT. I cannot answer that. It is composed—I know so far as we are concerned, we have two members on the committee from our railroad.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. You have representation, or your railroad has representation on that committee?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. Will you advise us who they are? Do you remember the names?

Mr. FEUCHT. Mr. Bob Brennan, Robert Brennan, passenger traffic manager, and, I think, Mr. Quackenbush, assistant passenger traffic manager.

The CHAIRMAN. They serve as your representatives, representatives of your company?

Mr. FEUCHT. That is correct.

The CHAIRMAN. They as such participate in the making of a contract for the benefit of all of the railroads for this transfer service?

Mr. FEUCHT. That is correct.

The CHAIRMAN. Do you know how long the Parmalee interests performed this service for the railroads?

Mr. FEUCHT. I cannot tell you how long, but it has been a long while.

The CHAIRMAN. Something like a century?

Mr. FEUCHT. I wouldn't say that long.

The CHAIRMAN. You don't think it has been that long?

Senator ERVIN. Your memory wouldn't run back that far, would it?

Mr. FEUCHT. No.

The CHAIRMAN. But for many years?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. I think our information, just for your information, shows that the same interest has been performing this service for more than 100 years, 102 years to be exact.

Mr. FEUCHT. I was going to say perhaps back to 1900, at least, but I would not know from actual contact.

The CHAIRMAN. That is not altogether important, but the point is that they had been serving for a long time, and for some reason, or I might ask you if know whether prior to 1954, prior to that time the contract with the Parmalle interests had been negotiated or been renewed from time to time on some negotiated basis, rather than to receive open bids or to receive bids from different industry people to perform this service. Do you know?

Mr. FEUCHT. I only know to this extent, that that has been given me as a matter of information by my man on the committee, that that has been negotiated from time to time.

The CHAIRMAN. Renegotiated with the Parmalee interests?

Mr. FEUCHT. That is right.

The CHAIRMAN. Is it of your knowledge that last year, or is it your information, that last year some time it was decided instead of renewing the contract or negotiating a new contract with the Parmalee interests, that the association representing the railroads would undertake to provide the service on the basis of receiving bids from different interests to perform the service?

Mr. FEUCHT. I know that definitely.

The CHAIRMAN. You know that definitely?

Mr. FEUCHT. Yes.

The CHAIRMAN. Beyond that now, did you know that that course was pursued? You also know that?

Mr. FEUCHT. That is correct.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. And in the course of receiving bids, do you remember when bids were first received or advertised for?

Mr. FEUCHT. No, I do not. All I recall of the thing was that back in September or October of 1954, I think, I told Mr. Brennan when he spoke to me about going out for these bids, "I think it is a good thing to get some competition in here, and see if we cannot get this work done for perhaps a cheaper price for the railroads. This price has just gone sky high."

The CHAIRMAN. Well, there was a general feeling among the railroad executives that some better arrangements might be made if bids were received rather than the contract renegotiated?

Mr. FEUCHT. I don't know about the other executives; I know that was my viewpoint.

The CHAIRMAN. You so advised the representatives of your company?

Mr. FEUCHT. That is right.

The CHAIRMAN. Do you know when the bids were submitted?

Mr. FEUCHT. No, sir, I do not.

Mr. KENNEDY. The records show that the Parmalee submitted a bid on May 20, 1955, Mr. Chairman, and then Keeshin shortly after, and then Parmalee as I understand it, amended their initial bid.

The CHAIRMAN. I was trying to get at the dates. It was some time this year, and the information we have is that it was May of 1955. Would that be about correct?

Mr. FEUCHT. That would be about correct. I was thinking you were talking back in 1954 yet, and I didn't know you had gotten up to 1955.

The CHAIRMAN. The chairman may have been wrong about that. I understand along about 1954 there was a decision made to arrange for bids rather than to enter into negotiations, exclusive negotiations with the Parmalee interests.

Mr. FEUCHT. That is correct. That is what I had reference to.

The CHAIRMAN. And then in May of 1955, along in that time, bids were received?

Mr. FEUCHT. That is about correct, yes.

The CHAIRMAN. Now, after bids were received on this contract—or first, may I ask you, is that service, that transfer service that we have been discussing in Chicago, is that interstate or intrastate, do you know?

Mr. FEUCHT. I do not know, definitely, but I would judge it is interstate.

The CHAIRMAN. You would judge it is interstate?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. But you do not know?

Mr. FEUCHT. No.

The CHAIRMAN. If it is interstate, then of course the Interstate Commerce Commission would have jurisdiction over it.

Mr. FEUCHT. I wouldn't think so.

The CHAIRMAN. If it is interstate, they are bound to have direct jurisdiction over it? If you don't know, you can say you don't know.

Mr. FEUCHT. I don't know.

Senator JACKSON. As a matter of fact, the transfer that takes place all occurs within the city of Chicago, does it not?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. FEUCHT. That is right, but there is a fine distinction of the fact that the passengers have been hauled across country through several States.

Senator JACKSON. They are moving in interstate commerce, and the question is whether this affects interstate commerce. It is a broken circuit in the interstate traffic of people, is it not?

Mr. FEUCHT. Well, that is correct.

The CHAIRMAN. We are getting into the technical aspects of it, but I am just trying to lay the foundation in the record here of whether if it is interstate, the Interstate Commerce Commission would have direct jurisdiction over the transaction, or over the service. If it is purely intrastate, it would have no jurisdiction over it, and therefore would not be called on to approve or disapprove any contract or rates that might be involved. We can clear that up in the record later.

Mr. KENNEDY. May I say, Mr. Chairman, that the Interstate Commerce Commission has ruled that this is intrastate, but that ruling has been appealed by other interested groups. That is how the situation rests at this time.

The CHAIRMAN. We can show what the facts are.

Mr. FEUCHT. I might state that there are some differences of opinion between the executives in Chicago.

The CHAIRMAN. There is a controversy at present as to whether it is interstate or intrastate?

Mr. FEUCHT. That is right. So far as I am concerned, I will let the lawyers handle that question.

Senator JACKSON. We can say this, without any question, that the Interstate Commerce Commission has refused to assume jurisdiction, and I take it that that is correct.

Mr. KENNEDY. That is the present situation.

Senator JACKSON. It is for the courts to finally say.

The CHAIRMAN. That is the present position of the Interstate Commerce Commission. We will move along, then.

In the course of this, may I ask you first, are you personally acquainted with members of the Interstate Commerce Commission?

Mr. FEUCHT. Yes, I know 2 or 3 of them.

The CHAIRMAN. Will you name those whom you know? I will ask you then the specific question—there is no use to refer to the others—Are you acquainted with Mr. Hugh Cross, the Chairman of the Commission?

Mr. FEUCHT. I am, yes, sir.

The CHAIRMAN. How long have you been acquainted with him?

Mr. FEUCHT. Well, I would judge 5 or 6 years, somewhere along in that neighborhood.

The CHAIRMAN. What is the extent of that acquaintance?

Mr. FEUCHT. Just a passing acquaintance, like being introduced to him and knowing that he is a member of the Commission.

The CHAIRMAN. Have you had occasion to discuss official or business affairs with him, under the jurisdiction of the Commission?

Mr. FEUCHT. No; no, sir.

The CHAIRMAN. You have never discussed with him any matter pending before the Commission? You have never had occasion to do that?

Mr. FEUCHT. No, sir.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. Then your acquaintance with him has been more or less casual?

Mr. FEUCHT. That is right.

The CHAIRMAN. But you have known him for some 5 or 6 years?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. Did you know him prior to the time he became a member of the Commission?

Mr. FEUCHT. No, I did not.

The CHAIRMAN. Your acquaintance with him has been since, or some time since he became a member?

Mr. FEUCHT. In fact, it has been around 1950, I think the first time that I met Mr. Cross. That was at a little luncheon party in Chicago.

The CHAIRMAN. Well, have you had any telephone conversations with Mr. Cross or any personal conversations with him at any time since this transaction began, receiving bids for this particular contract in the transfer service in Chicago?

Mr. FEUCHT. The only conversation I had with him was the day I made that memorandum, I think it was May 13 or the 14th.

Mr. KENNEDY. May 13, I think.

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. Of 1955?

Mr. FEUCHT. That is right.

The CHAIRMAN. Where were you at the time that you had that conversation?

Mr. FEUCHT. In my office.

The CHAIRMAN. In Chicago?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. Did you see Mr. Cross in person that day?

Mr. FEUCHT. No, sir, it was purely a telephone conversation.

The CHAIRMAN. A long distance telephone conversation?

Mr. FEUCHT. That I don't recall. I am under the impression, although I wouldn't swear to this, I am under the impression that he called me from the Union League Club in Chicago.

The CHAIRMAN. The Union League Club of Chicago?

Mr. FEUCHT. But I am not positive.

The CHAIRMAN. You do not recall now whether it was a long distance telephone conversation or a local phone conversation?

Mr. FEUCHT. No.

The CHAIRMAN. Do you recall the time of day that you received this call?

Mr. FEUCHT. It was along in the afternoon, I think my memorandum says 4:15, doesn't it? Perhaps I had better look at the memorandum.

Mr. KENNEDY. Yes, it does say 4:15.

The CHAIRMAN. To refresh your memory, I will ask you if you cannot recall that the call was made by Mr. Cross from Washington, and from his home here in Washington, and that it was a long distance call.

Mr. FEUCHT. No, I cannot recall. I have been under the impression right along that it was from the Union League Club in Chicago. I wouldn't state positively.

The CHAIRMAN. May I ask you this: Did he call you at any other time on that day, May 13?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. FEUCHT. No.

The CHAIRMAN. And if the telephone records show that on May 13 at 4:15 p. m., here in Washington, Mr. Cross called you from his home here, long distance, and talked to you at that time, would you say those records—you would assume those records were correct?

Mr. FEUCHT. I would assume they are correct, yes.

The CHAIRMAN. At any rate, you had no other call from him on that date or that you can recall?

Mr. FEUCHT. No, sir.

The CHAIRMAN. So that the telephone records then would help to establish the facts, I would assume.

Mr. FEUCHT. I would assume so, because I don't recall it at all.

The CHAIRMAN. How long a time did he talk to you when he called you that day?

Mr. FEUCHT. I imagine possibly not longer than 10 minutes.

The CHAIRMAN. Had you had any previous long distance calls or telephone calls from Mr. Cross any time before that?

Mr. FEUCHT. I don't recall of any.

The CHAIRMAN. You don't recall of any?

Mr. FEUCHT. No, sir.

The CHAIRMAN. So far as you know, this is the first time that he had ever telephoned you, regarding anything?

Mr. FEUCHT. To the best of my recollection, yes.

The CHAIRMAN. What was the subject of the conversation, Mr. Feucht? What did he call you about, on that particular day? I understood you to say you can't recall that he had previously called you?

Mr. FEUCHT. No.

The CHAIRMAN. Just relate to the committee what occurred?

Mr. FEUCHT. He called and said that he was interested in seeing that Keeshin would get this contract.

The CHAIRMAN. His bid was then pending for this contract, to do this service for the railroads, this transfer service?

Mr. FEUCHT. That I don't know, because I was not in the details, although I knew that there were 2 or 3 operators ready to submit a bid. At this particular time, I had not gotten into any details of the bids at all. That was being handled entirely by my passenger people.

The CHAIRMAN. And you do not know whether the bids had already been submitted or that this was about the time or just before Keeshin submitted his bid?

Mr. FEUCHT. No, sir, I don't know.

The CHAIRMAN. Of course, the records will reveal that, but from your own knowledge, you don't know?

Mr. FEUCHT. I do not know of my own knowledge.

The CHAIRMAN. All right, proceed.

Mr. FEUCHT. He called me and told me that he was interested in getting this or seeing that Keeshin got this contract, and he quoted some figures which I wrote down in a little penciled note on a pad and I told him that as far as I was concerned I would be very happy to look at it and pass the information on to my people who were handling it, but that each contract had to stand on its own feet, and if Keeshin's bid was the best bid we could get and they could perform the service and they were financially responsible, I would be very glad to take a look at it.

PLAINTIFF'S EXHIBIT 62 (Continued)

But from an economic standpoint, each bid had to stand on its own feet.

The CHAIRMAN. Mr. Feucht, did he amplify or go into any explanation of the nature of his interest in seeing that Keeshin got the contract?

Mr. FEUCHT. No, and I was quite puzzled as to why I got the call.

The CHAIRMAN. You were puzzled?

Mr. FEUCHT. Yes.

The CHAIRMAN. You mean that you had not anticipated such a call?

Mr. FEUCHT. No, I had not.

The CHAIRMAN. You also were concerned about the propriety of such a call?

Mr. FEUCHT. I didn't give it a second thought, at that time. I thought about it afterward a little bit.

The CHAIRMAN. What did you think about it afterward?

Mr. FEUCHT. I just thought it was kind of funny that someone like that would call me about this contract.

The CHAIRMAN. Your railroad does have business before the Interstate Commerce Commission, and it has petitions pending there at different times?

Mr. FEUCHT. Oh yes.

The CHAIRMAN. And the Interstate Commerce Commission has jurisdiction over the railroad of which you are president?

Mr. FEUCHT. That is right.

The CHAIRMAN. Was that call, the nature of it, you regarded as something unusual, as not having occurred before during the time you have been president of a railroad?

Mr. FEUCHT. Yes, it was.

The CHAIRMAN. At the moment, you say that you gave it no thought?

Mr. FEUCHT. At the moment I didn't give it much thought.

The CHAIRMAN. How soon after the telephone conversation did you begin to give it some thought?

Mr. FEUCHT. That is kind of hard to say. I imagine maybe 15 or 30 minutes afterward, when I got to talking to my man on the committee, and I made this memorandum and passed it to him, I said "Here is what Hugh Cross gave me over the telephone, and I don't know what interest he has in this thing, but take it for what is is worth."

The CHAIRMAN. You did, immediately after the call then, call in your representative on the Western Railroad Association?

Mr. FEUCHT. I did.

The CHAIRMAN. The man who was representing your company in the making of the contract for this service. You called your representative in and talked to him about it?

Mr. FEUCHT. I did.

The CHAIRMAN. Had you made the memorandum prior to the time you called him in?

Mr. FEUCHT. I did.

The CHAIRMAN. And you called him in the same day, the same afternoon?

Mr. FEUCHT. That is right.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. And gave him the memorandum and discussed it with him?

Mr. FEUCHT. Well, I don't know as I discussed it with him, and I just said "Here is a memorandum of my conversation with Hugh Cross, and it has some figures in it, and I put it down here so that I would not be misquoting anybody."

The CHAIRMAN. Did he read it at that time?

Mr. FEUCHT. He took it with him.

The CHAIRMAN. He didn't comment on it there, and he didn't read it there?

Mr. FEUCHT. No.

The CHAIRMAN. Do you have the original memorandum, Mr. Feucht, that you made at that time?

Mr. FEUCHT. I do.

The CHAIRMAN. How many minutes would you say had elapsed from the time of the telephone conversation ended until you dictated this, and I assume you dictated the memorandum?

Mr. FEUCHT. I dictated it within about 5 or 10 minutes after the telephone conversation was over with.

The CHAIRMAN. Do you have the original there? Will you read the original into the record at this point?

Mr. FEUCHT. "Memorandum of my conversation with Hugh Cross, Commissioner, Interstate Commerce Commission, at 4:15 p. m., Friday, May 13, 1955:

Hugh Cross stated that he was very much interested in seeing that J. L. Keeshin got the new contract with the railroads here in Chicago to handle baggage and people between the various stations. He understands the contract expires July 1st and there are three bids for the new contract—Willett, Parmalee, and Keeshin.

The bid Keeshin has proposed is $1.20 which is 2 cents lower than what we are now paying. In other words, we are paying $1.22. For every 5 cents an hour wage increase they will only increase 1 cent an hour but they will not go higher in 3 years than 3 cents even though the wage increase might be higher than 3 cents an hour. Parmalee came down and met the $1.20 but there are some jokers in their proposal in that their contract states that for every 1 percent decrease in receipts there will be a 1-cent raise in tickets, which clause is not in Keeshin's bid.

In addition, Keeshin offers eight passenger station wagons, heated in the wintertime and air-conditioned in the summer, they would put any suggested name on them the railroads decide upon, they would handle baggage every hour on the hour between the various stations, and they would have representation here in Chicago as against the absentee representation by Parmalee.

He also stated that Keeshin's proposal was backed up by the First National Bank and they would get new equipment every 3 or 5 years (I am not positive but I believe he said every 3 years).

The CHAIRMAN. Now, may I inquire if you dictated that memorandum some 5 or 10 minutes after the telephone conversation with Mr. Cross, based on notes you made on a pad at the time that you were talking to him?

Mr. FEUCHT. Yes, that is correct.

The CHAIRMAN. And these figures and provisions of the different proposals were information that Mr. Cross gave you in that telephone conversation?

Mr. FEUCHT. That is correct.

The CHAIRMAN. You did not have that knowledge yourself prior to the telephone conversation?

Mr. FEUCHT. I did not.

The CHAIRMAN. Then I may ask you this: Subsequently, did you find out that the quotes with respect to figures and general quotes

PLAINTIFF'S EXHIBIT 62 (Continued)

with respect to provisions in the contract were substantially correct Mr. Cross gave them to you at that time?

Mr. FEUCHT. Yes, I did.

The CHAIRMAN. Then, Mr. Cross is bound to have known before he placed that telephone call to you, or known generally at least, and specifically in some respects, what the two different proposals contained. That is the proposal of Parmalee and also the proposal of Keeshin?

Mr. FEUCHT. I would assume so, because he knew more about it than I did.

The CHAIRMAN. He had more detailed information about the proposals than you?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. And he gave that information to you with respect to the two proposals?

Mr. FEUCHT. That is correct.

The CHAIRMAN. And the information he gave you was somewhat in the nature of an argument in favor of Keeshin, was it not?

Mr. FEUCHT. That is correct.

The CHAIRMAN. I note that our records with respect to the telephone call shows that it was placed here at 5:10 p. m. That would be what time in Chicago?

Mr. FEUCHT. It would be 4:10.

The CHAIRMAN. If your records show it is 4:15, and then the time is synchronized.

Mr. FEUCHT. It is very close, yes. I wouldn't know anything about that. My watch might have been a little fast.

The CHAIRMAN. Might I ask you this: Subsequently did Mr. Keesbin or his interests receive the contract for this service?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. Do you recall the name of the company that he represents that received the contract?

Mr. FEUCHT. The name of the company?

The CHAIRMAN. Yes, under what corporate name?

Mr. FEUCHT. Railroad Transfer Co. I believe is the correct name.

The CHAIRMAN. Do you know whether Mr. Keeshin organized that company for the specific purpose of bidding on this contract?

Mr. FEUCHT. I think he did. I am not sure.

The CHAIRMAN. It is Railroad Transfer Service, Inc., is that correct?

Mr. FEUCHT. That is correct, yes.

The CHAIRMAN. Do you know whether Mr. Cross, or have you any information as to whether Mr. Cross contacted other railroad officials regarding this matter?

Mr. FEUCHT. I have not.

The CHAIRMAN. You have no information as to that?

Mr. FEUCHT. No, sir.

The CHAIRMAN. As to which of the other railroads he may have contacted?

Mr. FEUCHT. I was having troubles of my own at that time, and I didn't pay too much attention to this whole thing.

The CHAIRMAN. Did you at that time have information or had you heard that Mr. Cross' interest was that he contemplated becoming associated with this corporation of Mr. Keeshin's?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. FEUCHT. I never heard that, to the best of my knowledge.
The CHAIRMAN. At any time?
Mr. FEUCHT. No, sir.
The CHAIRMAN. You never heard it at any time during the course of the consideration of this contract, of these bids?
Mr. FEUCHT. No, I did not.
The CHAIRMAN. Did you inquire of him, in that telephone conversation; of what his interest was?
Mr. FEUCHT. No, I did not.
The CHAIRMAN. Did it not strike you as of interest to you to know why he wanted this contract handled that way?
Mr. FEUCHT. As I stated before, I was having a little difficulty myself, and I had my mind on other things, outside of this conversation that were more immediate to me.
The CHAIRMAN. Were you having some difficulty with the Interstate Commerce Commission, and your railroad at that time?
Mr. FEUCHT. No, I was having a little labor difficulty at that time, and I was more wrapped up in that than I was in this conversation.
The CHAIRMAN. I am not trying to get into anything that is extraneous, and I just asked the direct question, of whether you had any matters pending in your company before the Interstate Commerce Commission at that time.
Mr. FEUCHT. No, we did not.
The CHAIRMAN. You had none pending at that time?
Mr. FEUCHT. No, sir.
The CHAIRMAN. Have you had any since?
Mr. FEUCHT. No, except what all of the railroads have, was making permanent the Ex parte 175 increase.
The CHAIRMAN. That is something of general interest to all of the railroads.
Mr. FEUCHT. Yes, that is something of general interest to all of the railroads.
The CHAIRMAN. Mr. Counsel, do you have anything further?
Mr. KENNEDY. Was that Ex parte 175 discussed at all with Mr. Cross?
Mr. FEUCHT. No.
The CHAIRMAN. Are there any members of the committee who wish to ask any questions?
Senator JACKSON. Mr. Feucht, I take it that the memorandum that you have read into the record represents the best of your ability the information relayed to you over the telephone by Mr. Cross?
Mr. FEUCHT. That is correct.
Senator JACKSON. It does not contain your opinion, it is merely a statement of what Mr. Cross told you, to the best of your ability?
Mr. FEUCHT. That is right, and may I state this, to clarify the record, that the only reason I made the record was because he quoted rates in here, and I didn't want to be misquoted on rates.
Senator JACKSON. What I am getting at is that in reading this memorandum we have the right to believe that this is the information that he conveyed to you, and it is not your opinion.
Mr. FEUCHT. It is not my opinion.
Senator JACKSON. That is what I am getting at.
Mr. FEUCHT. And it is briefed down as brief as I could get it, and just contains the salient facts.

PLAINTIFF'S EXHIBIT 62 (Continued)

Senator JACKSON. As a matter of fact, the details in here as to amount per hour, and these figures and so on was totally unknown to you, I take it, until he had given you the information?

Mr. FEUCHT. That is correct.

Senator JACKSON. Were you a bit surprised by his calling you?

Mr. FEUCHT. I was, yes. Frankly.

Senator JACKSON. This matter had never been to your knowledge under the Interstate Commerce Commission in any manner or shape or form?

Mr. FEUCHT. Sir, what is that?

Senator JACKSON. This matter had never been an item under the jurisdiction of the Interstate Commerce Commission?

Mr. FEUCHT. No.

Senator JACKSON. Has anyone or has Mr. Cross talked to you since this time?

Mr. FEUCHT. He has not.

Senator JACKSON. Has he talked to you either directly or indirectly through his attorney, or individuals?

Mr. FEUCHT. No.

Senator JACKSON. There has been no discussion at all?

Mr. FEUCHT. There hasn't been a bit of discussion since this telephone call.

Senator JACKSON. And you haven't discussed your testimony, that you were going to give here, with anyone other than the staff of the committee?

Mr. FEUCHT. No.

Senator JACKSON. With anyone at all?

Mr. FEUCHT. No, sir.

Senator JACKSON. I think Mr. Chairman, it would be well to advise him that he is not to divulge his testimony. This is in executive session, and it should not be divulged to anyone either directly or indirectly, the nature and substance of it,

The CHAIRMAN. Yes.

Senator ERVIN. As I understand, you made a record of the facts and information given you by Mr. Cross in this phone conversation, so that it might receive such consideration from the representative of your railroad on the Western Passenger Association Committee as he deemed proper?

Mr. FEUCHT. That is correct.

Senator ERVIN. That is all.

The CHAIRMAN. I think the record shows it, but what again, is the name of your representative to whom you delivered this memorandum?

Mr. FEUCHT. Bob Brennan.

The CHAIRMAN. Where is he now?

Mr. FEUCHT. He is in Chicago.

The CHAIRMAN. Is he still with your railroad?

Mr. FEUCHT. Yes; passenger traffic manager.

The CHAIRMAN. He would be available?

Mr. FEUCHT. Yes; he would be available.

The CHAIRMAN. If it is desired, I assume.

Mr. FEUCHT. That is right.

Mr. JULIANA. Sir, did your railroad vote to give this contract to Keeshin, to the Keeshin Co.?

Mr. FEUCHT. Yes.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. JULIANA. Do you know whether or not the facts as you relate them in your memorandum here is any way influenced your representative on the Commission or on the Board?

Mr. FEUCHT. No; as a matter of fact when I gave this memorandum, as I think I stated before, about Brennan, and I said "Here is what I got on the telephone from Hugh Cross, but I want you to distinctly understand I don't want this to influence your judgment. It has to stand on its own bottom."

Mr. JULIANA. Did you discuss this memorandum with Mr. Brennan following his decision?

Mr. FEUCHT. Following whose decision?

Mr. JULIANA. Mr. Brenann's decision to vote in favor of Keeshin.

Mr. FEUCHT. No; I discussed it the next day with him, and I handed him the memorandum about a half an hour after this conversation, but I had to rush for an engagement, and so I said I will discuss it with you the next morning, and so I did.

Mr. JULIANA. And your instructions to him at the time that you gave him the memorandum were to the effect that the memorandum was not to influence his decision?

Mr. FEUCHT. Yes, sir.

Mr. JULIANA. That is all.

The CHAIRMAN. What would be the purpose of giving it to him if it was not to be considered?

Mr. FEUCHT. What purpose?

The CHAIRMAN. If it was not to be considered?

Mr. FEUCHT. I didn't say that. I said it wasn't to influence his judgment.

The CHAIRMAN. Well, if it is to be considered, and properly considered, it might influence the judgment; might it not?

Mr. FEUCHT. If the other bid was higher; yes.

The CHAIRMAN. Well, the point I am making, and I think I know what you are trying to say, but you gave it to him simply for what it is worth?

Mr. FEUCHT. That is right.

The CHAIRMAN. In the performance of his duties?

Mr. FEUCHT. That is correct.

The CHAIRMAN. When you say it did not influence him, or you told him you didn't want it to influence him, what you meant was the very fact that it came from Cross you didn't want it to influence him other than whatever the facts were?

Mr. FEUCHT. That is correct.

The CHAIRMAN. That is what you are trying to say?

Mr. FEUCHT. Yes; that is what I am trying to say. I am trying to say that we wanted to get the best job for the cheapest price we could possibly get.

Senator JACKSON. I take it that inasmuch as Mr. Brennan was on the committee, you wanted Mr. Brennan to have all of the information bearing on this thing.

Mr. FEUCHT. That is correct.

Senator JACKSON. So you handed him the memorandum so that he would have the benefit of what had transpired in this telephone conversation?

Mr. FEUCHT. That is correct.

PLAINTIFF'S EXHIBIT 62 (Continued)

Senator JACKSON. But you stipulated as an addition to that memorandum the fact that you didn't want the name of Mr. Cross coming as it did from the ICC to in any wise influence above and beyond what the cold hard competitive facts would be in this thing?

Mr. FEUCHT. That is correct.

Senator JACKSON. I see. You didn't want him not to know that you had this call.

Mr. FEUCHT. Well, no; because I wanted to give him the benefit of everything I could get, and in fact I might state that this one outfit, Willett, who I know much better than I know Cross, came to me several months previous to this time, and wanted to know why he could not get in on this thing, and I had said "Well, put your bid up and we will consider it."

The CHAIRMAN. Who was that?

Mr. FEUCHT. Willett & Co.

The CHAIRMAN. That is another company?

Mr. FEUCHT. Yes, sir.

The CHAIRMAN. That did not involve any impropriety in any way?

Mr. FEUCHT. No; but I am trying to say that my object was to get as many people in there to bid on this contract and to get a little competition.

Senator JACKSON. You are interested in cutting costs, if you can.

Mr. FEUCHT. Yes.

The CHAIRMAN. And in improving the service; is that correct?

Mr. FEUCHT. That is correct.

The CHAIRMAN. Is there anything further now that we have not interrogated you about, or anything further within your knowledge or information that you think might be helpful to the committee in the course of this investigation of this matter, that you have not already stated?

Mr. FEUCHT. I don't know of a single thing. I think I gave you everything that I can think of.

The CHAIRMAN. Sometimes we have an experience of a witness later called in public hearings, and he volunteers a lot of information, and when asked why he didn't tell it, he says, "Well, I wasn't asked about it," and so I am leaving it to you to determine whether we have covered the whole area.

Mr. FEUCHT. I think that you have covered the field, as far as I am concerned.

The CHAIRMAN. Mr. Feucht, may I ask you——

Mr. FEUCHT. Just remember how the Irishman spells fight, f-o-i-t. [Laughter.]

The CHAIRMAN. Might I inquire—or first let me say this, and then I will inquire:

As you heard the opening statement of the chairman in the beginning, sometimes information comes to this committee regarding a high public official as in this instance, and when the committee makes a preliminary investigation, or even in the course of executive hearings like this, the committee might well conclude that the charges, as you may term them, actually have no substance. For that reason we try, and we do our best to develop the facts, and all of the material and pertinent facts in an executive session so that if we conclude at the end of the development of the facts that there has been no wrongdoing,

PLAINTIFF'S EXHIBIT 62 (Continued)

and there is nothing to criticize, then the public official or the party involved is spared what might be unfavorable publicity.

And so in asking you not to reveal or not to divulge what you have testified to here today, we are doing it in the interest of fairness to Mr. Cross as well as to this committee and in the interest of the Government.

So we will appreciate it very much, and in fact the chairman will instruct you, and I think that you will comply with the request, not to divulge your testimony here today.

Mr. FEUCHT. I will be very happy to do that.

The CHAIRMAN. And I may say this to you, that any time you or your attorney wants to see this record, the transcript of your testimony, to refresh your memory, or to recall just exactly what you testified to, the transcript of it will be available in the committee here and you may, by request of the chief of the staff, the chief counsel, or me, or any member of the committee, you may have the opportunity to come to the committee room and inspect it together with your attorney.

Now, I do not know yet, and it may be that you will need to be recalled for further testimony, and it could be we would want to recall you some time this week, and yet we may not want to recall you. So, can you tell us where you will be where we can reach you by telephone? I will say this to you, you will not be resubpenaed, but only notified to return, and if you will acknowledge that you are still under subpena, subject to notice to return, then we can release you today for the present so that if you have other engagements or appointments you may want to keep, we would not hold you up.

Mr. FEUCHT. I intend to go back to Chicago tonight.

The CHAIRMAN. Where will you be the remainder of this week?

Mr. FEUCHT. In my office.

The CHAIRMAN. In Chicago?

Mr. FEUCHT. Yes.

The CHAIRMAN. You will be available upon notice, and you could return?

Mr. FEUCHT. That is right.

The CHAIRMAN. With that understanding, Mr. Feucht, you may be excused from further attendance today, subject to notification and subject to call to return.

Mr. FEUCHT All right, sir.

The CHAIRMAN. Thank you very much.

Mr. FEUCHT. You are welcome.

The CHAIRMAN. Just one moment. Will you compare this copy, Mr. Feucht, with the original memorandum that you made and read into the record, so that it may be properly identified and filed as exhibit 1?

(Exhibit No. 1 was read into the record on p. 10.)

Mr. FEUCHT. Do you want me to leave the original with you?

The CHAIRMAN. Well, if you care to, we can take the original.

Mr. FEUCHT. I would just as soon leave the original here.

The CHAIRMAN. Just let the record show that the original was filed as exhibit 1.

Mr. FEUCHT. I think I had better take the copy back for my files.

The CHAIRMAN. All right, you may take the copy back.

All right, we will call Mr. Johnston.

Will you be sworn please, sir?

PLAINTIFF'S EXHIBIT 62 (Continued)

Do you solemnly swear that the evidence you shall give before this Senate investigating subcommittee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JOHNSTON. Yes, sir.

TESTIMONY OF WAYNE A. JOHNSTON

The CHAIRMAN. Mr. Johnston, I am Senator McClellan, and my colleagues here are Senator Jackson and Senator Ervin. Others present are members of the committee staff. I have made a statement in the record as to the nature of this hearing and its purpose. I may ask you first, are you familiar with this hearing and its purpose?

Mr. JOHNSTON. I think that I know the purpose of it; yes, sir. I have not been told definitely, but I think that I know the purpose of it.

The CHAIRMAN. The Chair will say to you for your information, that information has come to the committee and some preliminary investigation has been made that indicates that possibly Mr. Hugh Cross, Chairman of the Interstate Commerce Commission, interested himself in a matter that would be foreign to his responsibilities and might involve a conflict of interest in his Government position.

With that general statement, do you feel that you know what the subject of the inquiry is?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. I may also state to you that you are entitled if you desire it, to have counsel present.

Mr. JOHNSTON. It is not necessary.

The CHAIRMAN. You do not care for counsel?

Mr. JOHNSTON. No.

The CHAIRMAN. Then we are ready to proceed.

Will you state your full name, your residence, and your occupation for the record, please, sir?

Mr. JOHNSTON. The name is Wayne A. Johnston, and I live at 2509 Brayburn Road, Flossmoor, Ill., and I am president of the Illinois Central Railroad.

The CHAIRMAN. The Chair is going to ask the chief counsel to interrogate you. I interrogated the preceding witness, and I am not quite as familiar with your testimony, what it is anticipated it will be, as is counsel for the committee, and I will ask him to interrogate you, Mr. Johnston.

Mr. KENNEDY. Mr. Johnston, you are familiar with this contract in Chicago, regarding the transfer of passengers and baggage from one station to another?

Mr. JOHNSTON. In a general way; yes, sir.

Mr. KENNEDY. Your railroad is a member of the subcommittee that considered the various bids that were made in this contract?

Mr. JOHNSTON. Yes, sir; we had a representative on that.

Mr. KENNEDY. There were six railroads represented on that committee, is that correct?

Mr. JOHNSTON. That is about it; yes, sir.

Mr. KENNEDY. On that subcommittee?

Mr. JOHNSTON. Yes, sir.

Mr. KENNEDY. Now, there were three different companies that made bids on this contract, is that right? Are you familiar with that?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. JOHNSTON. I am not familiar, but I had understood that there were 13 or 14 that were asked to bid, and that there were 3 or 4 that made either a verbal bid or a written bid, in connection with it.

Mr. KENNEDY. And finally it came down ultimately between the Parmalee Co. and Keeshin Co., is that correct?

Mr. JOHNSTON. Yes.

Mr. KENNEDY. The Keeshin interests.

Mr. JOHNSTON. That is correct.

Mr. KENNEDY. Now, did you have any contact with Mr. Cross regarding the Parmalee interests or the Keeshin interests?

Mr. JOHNSTON. Well, the contact which I had with Mr. Cross was to the effect that I heard he was interested in coming to Chicago as the head of the new organization that was to be known as the Railway Transportation Agency, or something of that sort.

Mr. KENNEDY. That was a company run by Mr. Keeshin, is that correct?

Mr. JOHNSTON. That is correct.

Mr. KENNEDY. You had heard that he was to go to work?

Mr. JOHNSTON. I heard that he would.

Mr. KENNEDY. As an overseer in this new company being formed by Keeshin?

Mr. JOHNSTON. And I assumed as the head of it.

Mr. KENNEDY. You assumed as the head of it?

Mr. JOHNSTON. Yes, sir.

Mr. KENNEDY. From whom did you hear that?

Mr. JOHNSTON. I heard that in Chicago, and I can't say just who told me that, but it was rumored in Chicago that that was a fact, and when I was in Washington, as a rule I tried to see Hugh, and other Commissioners, and on one of the occasions following that information I asked Hugh if it were a fact that he were interested in coming to Chicago. Prior to that time we had given consideration, or the railroads had given consideration in connection with our legislative situation in the State of Illinois, to having Hugh head up the legislative group, and the Illinois Central Railroad is the chairman road. But we never got together on it, and we did not ask him to come.

Having had that information, I was rather interested to see whether he was going to come to Chicago. So I asked him if he had any intention of that, and he said that if things worked out satisfactorily he probably would come to Chicago in connection with this contract.

Mr. KENNEDY. When he said "if things worked out satisfactorily" did he amplify it or did you understand that if Keeshin received this contract he was to come to work for him?

Mr. JOHNSTON. I would assume that that was his interest, yes.

Mr. KENNEDY. That was what was meant when he said that?

Mr. JOHNSTON. And I assume that there were other things involved in connection with it, such as his leaving the service here in Washington, and so forth. I did not explore it any further, and he didn't make any more comments, and I didn't explore it any further.

Mr. KENNEDY. You have known Mr. Cross for some while, have you?

Mr. JOHNSTON. I have known him for a number of years.

Mr. KENNEDY. When he was Lieutenant Governor in Illinois?

Mr. JOHNSTON. Yes, sir.

Mr. KENNEDY. And you are a close personal friend of his?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. JOHNSTON. I am considered so; yes, sir.

Mr. KENNEDY. And when did your visit to Washington take place?

Mr. JOHNSTON. I would say it was 3 or 4 months ago; prior to the time that this contract was let.

Mr. KENNEDY. And you having heard that he was to go to work for one of these Keeshin interests, for this new transfer company, you asked him if that was correct, is that right?

Mr. JOHNSTON. That is correct.

Mr. KENNEDY. And he said if everything worked out satisfactorily?

Mr. JOHNSTON. He probably would, or something to that effect, and he gave me the impression that he was coming to Chicago if everything worked out satisfactorily.

Mr. KENNEDY. Did you have any other discussions with him?

Mr. JOHNSTON. No, sir.

Mr. KENNEDY. That is the only discussion you ever had with him regarding the Keeshin company?

Mr. JOHNSTON. That is right, and I had no discussion with anybody else about it because I thought it was not of too much importance.

Mr. KENNEDY. Did he ever ask you at any time to give favorable consideration to the Keeshin company?

Mr. JOHNSTON. No, sir.

Mr. KENNEDY. He never did?

Mr. JOHNSTON. No, sir.

Mr. KENNEDY. The only conversation that you had was that one conversation?

Mr. JOHNSTON. And I had no conversation with our representative on the committee concerning my conversation with Hugh Cross.

Mr. KENNEDY. And you are unable to tell us where you first heard the information that he was coming to work for Keeshin?

Mr. JOHNSTON. That is right, I could have heard it at the club, or from any other places, but I heard it in Chicago and it attracted my attention because of our previous relationships, and I just wondered if he was interested.

The CHAIRMAN. Then he did not approach you about it?

Mr. JOHNSTON. He did not approach me; no, sir.

The CHAIRMAN. But simply upon your inquiry to him, admitted or made the statement that if things worked out satisfactorily, he might come?

Mr. JOHNSTON. That is right.

The CHAIRMAN. Neither of you pursued that or to amplify it as to what was meant by "satisfactory," or what contingency was involved?

Mr. JOHNSTON. I might go back, and our relationships have been of a very personal nature over the years, and I might go back and say that at the time we considered, as you probably know, the railroads have railroad legislative groups in each State. When our general counsel retired, or had died, and who was the head of that, we considered who we were going to have succeed him, and we talked to Hugh about it. I didn't; but our general counsel did. He is responsible for the legislation. I was just naturally curious, because we had been told that he was interested in finding something in the State of Illinois.

Mr. KENNEDY. I would like to go back a bit on this question of "satisfactory." When Mr. Kamerick went out to interview you,

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. Johnston, didn't you state at that time that Cross told you that he might become associated and would become associated with the Keeshin interests, if Keeshin was successful in securing the contract with the Chicago railroads?

Mr. JOHNSTON. I don't know that he ever mentioned Keeshin's name, but we referred to this relationship that Keeshin was going to operate.

Mr. KENNEDY. And didn't he say, if this company received this contract, he was going to go to work for them?

Mr. JOHNSTON. That is the transfer company, and there is a different relationship I think between John Keeshin and this. I think John Keeshin has other interests, and I am talking now specifically about this, and I don't know that I ever mentioned John Keeshin.

Mr. KENNEDY. If this one company received this contract out in Chicago, or did he say if this company was successful in receiving this contract he was going to go to work for them?

Mr. JOHNSTON. He expected that he would be going out there to go to work for them, and I assumed as the head of it.

Mr. KENNEDY. It wasn't just a question if everything worked out satisfactorily, he specifically stated that if this company receives this contract, he was going to work for them?

Mr. JOHNSTON. That is right.

The CHAIRMAN. That company that he referred to is the Keeshin Co.?

Mr. JOHNSTON. Well——

The CHAIRMAN. It is the one they organized.

Mr. JOHNSTON. To operate this, and I am trying to distinguish between whether it is the Keeshin company as such, or this transportation agency, because Keeshin may have other interests, and I don't know that he was going to head the overall interests.

The CHAIRMAN. I think that he does.

Mr. JOHNSTON. I didn't know that.

The CHAIRMAN. I am confident he does have other interests, but this Railroad Transfer Service, Inc., that is the company.

Mr. JOHNSTON. That is the company.

The CHAIRMAN. And that was the company identified in your conversation, that if this company got this contract he expected to be coming out there to work for it.

Mr. JOHNSTON. That is right.

The CHAIRMAN. Do we have anything further?

Senator ERVIN. Your recollection is that that conversation occurred before the contract was actually made?

Mr. JOHNSTON. That is right, I will say that because later on, and I gave Mr. Kamerick, when he came out to see me, I gave him a copy of the memorandum in our file prepared by one of our folks, indicating that it was subsequent to that.

The CHAIRMAN. Are there any other questions?

Senator JACKSON. You just happened to be in Washington to pay a social call?

Mr. JOHNSTON. I am here once a month, for an AAR Board meeting, and I try to make the rounds to see the various Commissioners, and I do it on the basis of social relationships, or if I have anything that I want to talk about.

PLAINTIFF'S EXHIBIT 62 (Continued)

On this particular occasion it happened to be a very personal matter, and I went around, and it occurred to me, and I asked the question, and I got that answer.

Senator JACKSON. You had heard this story in Chicago and you are a personal friend of Mr. Cross?

Mr. JOHNSTON. I had been for years.

Senator JACKSON. And so you dropped by to see him, and asked him if there was anything to this rumor that you had heard?

Mr. JOHNSTON. Just as you would if you had met anybody at the club or on the street.

Senator JACKSON. I understand.

(A document was handed to the witness.)

The CHAIRMAN. You have identified these memorandums?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. Let them be admitted as exhibits 2 and 3, respectively.

(Exhibit Nos. 2 and 3 will be found in the appendix on p. 82.)

Senator JACKSON. Have you talked to Mr. Cross since that conversation?

The CHAIRMAN. And No. 4 will be admitted.

(Exhibit No. 4 will be found in the appendix on p. 83.)

Mr. JOHNSTON. I have seen Hugh since that time.

Senator JACKSON. But there was nothing said in relation to this matter?

Mr. JOHNSTON. No.

Senator JACKSON. And you haven't been in touch with his lawyer or anyone else, directly or indirectly, as to this matter?

Mr. JOHNSTON. No, sir; I am not interested, nor did I bring my lawyer with me.

The CHAIRMAN. Are there any other questions?

Mr. Johnston, the chairman made this statement to the preceding witness, and I am making it to you.

In my opening remarks when the committee convened this morning, I stated that the information that had been developed made it our duty to inquire into the propriety of Mr. Cross's actions. It was our duty to determine whether there had been any misconduct or if there hadn't been, and if there hadn't been, we of course should so state.

But we have tried in this to protect Mr. Cross, who is a high public official, and to protect him from any adverse publicity until and unless such facts were developed as would warrant it.

For that reason we are asking you, out of consideration for Mr. Cross, and also the committee in the performance of its duties, not to divulge to anyone the nature of your testimony here this morning.

This is an executive session, and sometimes these things leak out in spite of all we can do, but it is our duty to try to protect an individual as well as try to proceed in a manner that will best serve the interests of the Government. We would ask you not to discuss it.

I may advise you that a transcript of your testimony will be kept on file with the committee, and will not be released except on a majority vote of the committee, or not made public, but at any time it is your privilege to come and inspect this transcript to refresh your memory or for any purpose you desire. You may do that or have your attorney do it here in the committee room in the presence of

PLAINTIFF'S EXHIBIT 62 (Continued)

members of the staff. You will not be furnished a copy. We do not do that in executive sessions, but we always make it available to the witness or his attorney to read it and refresh their memory about it.

Mr. Johnson, the Chair will instruct you to get in touch with the chief counsel of the committee at 4 o'clock this afternoon, at which time he will probably be able to advise you whether you will be needed immediately in a public hearing or be recalled for your testimony in a public hearing. Until that time you are released, upon your agreeing to return to the committee upon notice, to give further testimony, and acknowledging that you are under the same subpena that originally was served on you.

At that time, the chief counsel is authorized, if public hearings are not imminent, to release you from further attendance until such time as you have been given reasonable notice to return and testify in public.

Is that satisfactory with you?

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. All right, thank you very much, and we are hopeful that we can release you this afternoon.

Mr. JOHNSTON. I hope you can, too.

The CHAIRMAN. Thank you very much.

Mr. JOHNSTON. Yes, sir.

The CHAIRMAN. At this point, the Chair will, without objection, insert in the record as a part of the record, an affidavit from Mr. Howard E. Simpson, president of the Baltimore & Ohio Railroad Co., and two affidavits from Mr. Fred G. Gurley, president and chairman of the executive committee of the Atchison, Topeka & Santa Fe Railroad Co.

These will be printed in the record at this point, as a part of the hearings.

(They are as follows:)

STATE OF MARYLAND,
City of Baltimore, ss:

Howard E. Simpson, being duly sworn, says: I am president of the Baltimore & Ohio Railroad Co. During the spring of 1955 Mr. Hugh Cross, a member of the Interstate Commerce Commission, in the course of a conversation with me, asked if I was familiar with negotiations of the railroads in Chicago with respect to the transfer of passengers and baggage between railroad stations in that city. I told him that our passenger traffic officers had informed me sometime previously that the then existing contract with the Parmalee Co. for this transfer service would expire during 1955, and that the passenger officers of all the Chicago railroads were then considering what arrangements should be made for continuing the service thereafter, but that I did not know any of the details. In response to his further inquiry if I would find out the status of the matter and let him know, I later ascertained from our passenger officers that the Chicago lines had requested competitive bids for the transfer service after the Parmalee contract expired, and I relayed this information to him by telephone, for which he thanked me. To the best of my recollection, Mr. Cross inquired about developments in the matter a couple of times later on in conversations with him on other things.

At no time in any conversation did Mr. Cross endeavor in any way to influence me with respect to the transfer arrangements that should be made in Chicago or that the Chicago lines were considering and I had no knowledge of his having any arrangement to join Keeshin or any other company.

(Signed) HOWARD E. SIMPSON.

Sworn to and subscribed before me this 11th day of November 1955.

[SEAL] (Signed) FRED N. HEISE,
Notary Public.

My commission expires May 6, 1957.

PLAINTIFF'S EXHIBIT 62 (Continued)

AFFIDAVIT

COUNTY OF COOK,
State of Illinois, ss:

I, Fred G. Gurley, do swear and depose as follows:

1. I am president and chairman of the executive committee of the Atchison, Topeka & Santa Fe Railroad Co. My office is in Chicago, Ill.

2. I have known Mr. Hugh W. Cross for 15 years, or since he became Lieutenant Governor of Illinois in 1940. During this time I have had a friendly but casual acquaintanship with him. We have never had a serious business discussion, and I probably have not engaged in casual conversation with him more than a half dozen times in the whole period. I have never had any business dealings with him, although of course, the Atchison, Topeka & Santa Fe Railway system is subject to regulation by the Interstate Commerce Commission, of which Mr. Cross has been a member for the past 6 years.

3. Mr. Cross has not talked with me about the transfer of the passenger and baggage transportation contract between railroad stations in Chicago from the Markin or Parmalee interests to the Keeshin interests, and he has not written or otherwise communicated with me on the subject.

4. Since the question was raised a few weeks ago by a Senate investigator, I have made inquiries among those members of the official staff of the Atchison, Topeka & Santa Fe Railway system who would be likely to know about the matter, and I have received reports that the same is true of them—they have had no communication, written or otherwise, with Mr. Cross regarding the transfer of the contract.

(Signed) FRED G. GURLEY.

Subscribed and sworn to before me this November 8, 1955.

[SEAL] (Signed) WILBUR L. CAMP,
Notary Public, Cook County, Ill.

My commission expires September 15, 1956.

AFFIDAVIT

COUNTY OF COOK,
State of Illinois, ss:

I, Fred G. Gurley, do swear and depose as follows:

1. I am president and chairman of the executive committee of the Atchison, Topeka & Santa Fe Railway Co. My office is in Chicago, Ill.

2. This affidavit is made to supplement an affidavit which I executed on November 8, 1955, regarding the so-called Markin-Keeshin controversy.

3. Prior to the award of the station transfer contract in Chicago to Mr. Keeshin about June 15, 1955, I had heard rumors that Mr. Hugh W. Cross, a member of the Interstate Commerce Commission, was unhappy in Washington and contemplating resigning and returning to his native State of Illinois. Some time subsequently to this in the spring of 1955 I heard rumors and statements to the effect that Mr. Cross would become associated with the Keeshin organization if it should succeed in securing the transfer contract. I have had no conversation or communication of any kind with either Mr. Cross or Mr. Keeshin regarding the truth of these reports.

(Signed) FRED G. GURLEY.

Subscribed and sworn to before me this November 10, 1955.

[SEAL] (Signed) WILBUR L. CAMP,
Notary Public, Cook County, Ill.

My commission expires September 15, 1956.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this investigating subcommittee shall be the truth, the whole truth and nothing but the truth, so help you God?

Mr. O'DONNELL. I do.

PLAINTIFF'S EXHIBIT 62 (Continued)

TESTIMONY OF DONALD F. O'DONNELL

The CHAIRMAN. State your name for the record.

Mr. O'DONNELL. Donald F. O'Donnell.

The CHAIRMAN. What is your present position with this investigating subcommittee?

Mr. O'DONNELL. Assistant chief counsel.

The CHAIRMAN. In the course of the performance of your duties, have you had occasion to check with the telephone company regarding telephone calls placed by Mr. Hugh W. Cross, Chairman of the Interstate Commerce Commission to Mr. John L. Keeshin, of Chicago?

Mr. O'DONNELL. I have.

The CHAIRMAN. Have you also checked the telephone records with respect to the telephone calls placed by Mr. Keeshin to Mr. Cross?

Mr. O'DONNELL. I have.

The CHAIRMAN. Over what period of time did you check these records?

Mr. O'DONNELL. The telephone calls from Mr. Cross to Mr. Keeshin were checked from April 1, until the end of October.

The CHAIRMAN. From April 1, to the end of October.

Mr. O'DONNELL. That is right. Now, the telephone calls of Mr. John L. Keeshin to Mr. Cross were checked from April 1 until the end of September. We have not received the October calls yet.

The CHAIRMAN. Were these telephone records delivered to you or to the committee in response to a subpena?

Mr. O'DONNELL. Yes, they were; in both instances. That is Mr. Cross and Mr. Keeshin.

The CHAIRMAN. In both instances?

Mr. O'DONNELL. That is correct.

The CHAIRMAN. Have you made a summary of these telephone calls that you could place in the record?

Mr. O'DONNELL. I have.

The CHAIRMAN. Just read that summary to us, and do you have the original tickets or copies of the original tickets of the calls made by the telephone company?

Mr. O'DONNELL. Yes, sir; I have.

The CHAIRMAN. Then you have a summary of them that you have prepared?

Mr. O'DONNELL. That is right.

The CHAIRMAN. The summary will be copied into the record at this point. The original tickets will be kept on file with the committee.

(The summary is as follows:)

PLAINTIFF'S EXHIBIT 62 (Continued)

Date	Person called and person calling	Calling number	Telephone called	Minutes	Time
1935					
Mar. 23	Keeshin to Cross	Andover 3-6685 (Chicago, Ill.).	Oliver 2-6019 (Maryland).	2	10:25 p. m.
Apr. 6	Cross to Keeshin	Oliver 2-6019	FO 9-7450 (Chicago, Ill.).	16	11:18 p. m.
Apr. 15	do	do	FO 9-7450	18	9:43 p. m.
Apr. 16	do	do	do	12	
Apr. 18 [1]	Cross to Simpson	do	LE 9-0400 (Baltimore, Md.) (Bill to Brad, OL 2-6019. Call made from LD 7203 (ICC).	3	4:30 p. m.
Apr. 25	Cross to Keeshin	do	FO 9-7450	15	8 p. m.
Apr. 28	Keeshin to Cross	——— 7450	Oliver 2-6019	24	10:12 p. m.
May 3 [1]	Cross to Simpson	Oliver 2-6019	LE 9-0400	6	4:26 p. m.
May 10	Keeshin to Cross	Andover 3-6685	Oliver 2-6019	30	11:03 p. m.
May 12	Cross to Keeshin	Oliver 2-6019	Andover 3-6685	8	9:51 p. m.
May 13 [2]	Cross to Feucht	do	DE 2-2121		
May 15	Cross to Keeshin	do	FO 9-7450	6	6:52 p. m.
May 17	Keeshin to Cross	Andover 3-6685	Carrolton 112	6	10:02 a. m.
May 19	do	do	National 8-7460 (ICC).	26	2:46 p. m.
May 20	do	do	National 8-7460	13	2:46 p. m.
May 20 [1]	Cross to Simpson	Oliver 2-6019	LE 9-0400 (Bill to Brad, OL 2-6019. Call made from LD 7204 (ICC)).	7	3:22 p. m.
May 20	Keeshin to Cross	——— 7451	Oliver 2-6019	46	9:57 p. m.
May 23	Cross to Keeshin	Oliver 2-6019	Andover 3-6685	25	11:51 p. m.
May 24	Keeshin to Cross	Andover 3-6685	National 8-7460	9	11:31 a. m.
May 24	Cross to Keeshin	Oliver 2-6019	FO 9-7450	21	8:02 p. m.
June 8	Keeshin to Cross	Andover 3-6685	National 8-7460	5	8:48 a. m.
June 8 [1]	Cross to Simpson	Oliver 2-6019	LE 9-0400	5	4:38 p. m.
June 13	Cross to Keeshin	do	FO 9-7450	24	7:50 p. m.
June 23	do	do	Eagle River Rd.	25	8:55 p. m.
July 12	do	do	FO-9-7450	14	11:09 p. m.
July 14	Keeshin to Cross	——— 7450	Oliver 2-6019	27	9:56 p. m.
July 21	Cross to Keeshin	Oliver 2-6019	Eagle River Rd., Wisconsin 225.	9	8:39 p. m.
July 21	Keeshin to Cross	Eagle River, Wis., charge to Andover 3-6685 (Keeshin).	Oliver 2-6019	23	—— p. m.
July 27	Cross to Keeshin	Oliver 2-6019	Andover 3-6685	22	5:38 p. m.
July 28	do	do	do	13	12:14 p. m.
July 29	Keeshin to Cross	——— 7450	Oliver 2-6019	23	10:48 p. m.
Sept. 9	do	——— 7451	do	19	10:52 p. m.
Sept. 14	Cross to Keeshin	Oliver 2-6019	SU 7-3358	19	6:21 p. m.
Sept. 15	do	do	Andover 3-6685	20	5:44 p. m.
Sept. 16	do	do	do	3	6:15 p. m.
Sept. 18	Keeshin to Cross	——— 7450	Oliver 2-6019	2½	6:34 p. m.

[1] Howard E. Simpson, president of the Baltimore & Ohio RR.
[2] Paul E. Feucht, president of the Chicago & Northwestern RR.

Total number of calls, Cross to Keeshin, 18.
Total number of calls, Keeshin to Cross, 14.

The CHAIRMAN. Now, may I also inquire if there are some other telephone calls from the records of the telephone company that you regard as pertinent to this inquiry?

Mr. O'DONNELL. Yes, sir, Mr. Chairman.

The CHAIRMAN. I wish that you would elaborate on those.

Are those included in your summary?

Mr. O'DONNELL. Yes, sir; they are.

The CHAIRMAN. They are included in the summary that you have filed?

Mr. O'DONNELL. Yes, sir.

The CHAIRMAN. For the information at the present or for the immediate information of the committee, just give us a brief statement about the other calls, those other than the calls between Mr. Keeshin and Mr. Cross. What is the nature of the other calls?

Mr. O'DONNELL. There is one telephone call on May 13 to Mr. Feucht, for 11 minutes, at 5:10 p. m., from the telephone number

PLAINTIFF'S EXHIBIT 62 (Continued)

Oliver 2–6019, which is the private telephone of Mr. Cross at his house. That is May 13.

The CHAIRMAN. What others?

Mr. O'DONNELL. There are 4 telephone calls from Oliver 2–6019 to Mr. H. E. Simpson, and I say that specifically because they were person-to-person calls in each instance: 1 on April 18, 1 on May 13, 1 on May 20, and 1 on June 8, and I might point out that on the April 18 call and on the May 20 call he apparently called from long distance 7–7202, and 7–7203, which are the telephone numbers of the Interstate Commerce Commission, and he specifically asked that they be billed to Oliver 2–6019, his private home.

The CHAIRMAN. To whom were those four calls you have referred?

Mr. O'DONNELL. The four calls were made to Mr. H. E. Simpson, who is the president of the B. & O. Railroad in Baltimore, Md.

The CHAIRMAN. Is that the Mr. Simpson whose affidavit we have placed in the record?

Now, do you have any calls from Mr. Simpson to Mr. Cross, or have you been able to check into that?

Mr. O'DONNELL. From May 1 until the present date, or until the first of November, there are no telephone calls from Mr. Simpson to Mr. Cross.

The CHAIRMAN. So if Mr. Cross telephoned Mr. Simpson to inquire about the status of this contract that is under consideration, and Mr. Simpson as stated in his affidavit got the information and related it to Mr. Cross, he did so so far as the telephone records reflect, upon further calls from Mr. Cross, making inquiry about it.

Mr. O'DONNELL. That is correct.

The CHAIRMAN. Have you pursued or are you pursuing the matter of getting the tickets on the other calls from Mr. Simpson back to Mr. Cross?

Mr. O'DONNELL. Yes; we have, Mr. Chairman.

The CHAIRMAN. You have not secured it as yet?

Mr. O'DONNELL. We have not secured it.

The CHAIRMAN. But you are pursuing that and trying to secure it?

Mr. O'DONNELL. Yes.

Mr. KENNEDY. In the conversation regarding this, Mr. Simpson said that he called——

The CHAIRMAN. We will let the record stand as it is, and if we go into public hearings we will bear that in mind, and that gap will be filled in.

Are there any further questions of Mr. O'Donnell?

All right, thank you very much.

We will recess until 2 o'clock.

(Thereupon, at 11:35 a. m., the committee recessed, to reconvene at 2 p. m., the same day, Tuesday, November 15, 1955.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

Will you be sworn, Mr. Keeshin, please?

Do you solemnly swear that the evidence you shall give before this Senate investigating subcommittee shall be the truth, the whole truth, and nothing but the truth so help you God?

Mr. KEESHIN. I do.

PLAINTIFF'S EXHIBIT 62 (Continued)

TESTIMONY OF JOHN L. KEESHIN

The CHAIRMAN. Mr. Keeshin, for the record, will you state your name, your place of residence, and your occupation?

Mr. KEESHIN. John L. Keeshin. My residence is at 1003 Bonnie Brae, River Forest, Ill. My occupation is motor transportation.

The CHAIRMAN. Mr. Keeshin, you have had a conference with me and also with members of the staff of the subcommittee, and therefore you are fully advised of the nature of the inquiry.

Mr. KEESHIN. I am now.

The CHAIRMAN. You have your attorney present with you this afternoon?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. Will you identify yourself for the record please, sir?

Mr. MESEROW. Albert J. Meserow, 231 South La Salle Street, Chicago, Ill.

The CHAIRMAN. Mr. Meserow, as attorney for the witness, you have the privilege of advising him on any legal matters that may be raised, if any, advising him as to his rights as you see it. He has the privilege of consulting with you at any time during the proceedings with respect to his rights. Other than that, you are not permitted to examine the witness or to take any further part. It is merely for the purpose of consultation. This is not a trial, it is an inquiry.

If you have any questions that you think should be asked the witness that will aid the committee in its work, if you will submit them to the Chair we will pass on them and ask the witness, if we think the question is proper and pertinent to the inquiry.

Mr. MESEROW. Thank you.

The CHAIRMAN. Now, we will proceed. Mr. Kennedy, as chief counsel, you may interrogate the witness.

Mr. KENNEDY. Mr. Keeshin, you are in the motor transport business, is that correct?

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. You have a number of different companies?

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. Could you list those companies for the record?

Mr. KEESHIN. Yes, sir.

I have the C. A. Conklin Truck Lines; Truck Rail Terminals, Inc.; Keeshin Transport System, which is the company; Fidelity Industries, and Railroad Transfer Service, Inc.

Mr. KENNEDY. Do you own all of those companies listed, and are you the chief stockholder in the corporation?

Mr. KEESHIN. My wife and I. I am the principal stockholder of all of them. That is, some of the stock is divided between my family and myself.

Mr. KENNEDY. Now, those companies all have to do with trucking; is that correct?

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. At the end of 1954, did you become interested in this motor transport contract between various terminal stations in Chicago for the transportation of luggage and passengers?

Mr. KEESHIN. I filed a proposal on the 15th of December 1954, to the railroads.

Mr. KENNEDY. Would you tell the committee briefly how it arose that you became interested, and who came to see you?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. It was early in August of 1954. A Mr. Sidney Bonn, passenger traffic manager of the New York Central, together with a Mr. Dave Mackey, freight traffic manager of the New York Central, came to my office at the First National Bank Building at Chicago. At that time they asked if I would be interested to make a survey and submit a bid to the railroads for the purpose of handling passengers and baggage—that was the early part of August, I believe.

Mr. KENNEDY. Then did you decide that you would submit a proposal?

Mr. KEESHIN. At first I was somewhat reluctant because I stated that I had been primarily in the freight business, that I did not have too much experience in the handling of passengers, but I would be willing to look into the picture. They indicated that they had submitted requests to various other companies in the field, and they would like for me to look into it and make a survey if I could. They would be interested in having me try it.

Mr. KENNEDY. Then, on December 15, you submitted a proposal; is that correct?

Mr. KEESHIN. After I had made a survey, and I had our boys look into the entire operation of the various six railroad stations throughout Chicago, and checked the baggage operations, and of course had various meetings with the various railroad committees regarding this proposal, and I admitted that at the time we were asked to make the bid there were a number of other companies that I would like to mention who also were asked to bid on this.

The CHAIRMAN. You can either read them, or just hand them to the stenographer, and he can record them.

Mr. KEESHIN. I will mention them. The Railroad Express Agency; F. Landon Cartage Co.; Willett Teaming Co.; Chicago Gray Line; Ayers Cartage; Chicago Tunnel; the New York Gray Line; Keeshin Co.; and Parmalee Transfer.

The CHAIRMAN. If I understand you correctly, as far as you know, that is the list, the entire list of those who were asked to interest themselves in this?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. There was a committee set up, a subcommittee of the various railroads that bring passengers into Chicago. There was a subcommittee of six different railroads set up to consider this bid, or these bids; is that correct?

Mr. KEESHIN. I was given to understand that.

Mr. KENNEDY. And you had some meetings with this subcommittee; is that true?

Mr. KEESHIN. Most of my meetings at first were held with Mr. Sidney Bonn, who was acting as the chairman, or vice chairman of this committee.

Mr. KENNEDY. Ultimately, you had other meetings?

Mr. KEESHIN. Yes; and I met with the entire committee.

Mr. KENNEDY. Then, on June 13, 1955, you received notification that your bid was the one that was to be accepted by this committee.

Mr. KEESHIN. Well now, if I may, I would like to handle this. I filed my proposal with Mr. Sidney Bonn, of which I believe you folks have a copy here. On December 15, 1954, that was done. Not having heard further, I left and was gone for several weeks, and

PLAINTIFF'S EXHIBIT 62 (Continued)

returned the latter part of March. I went to Honolulu, my wife and I, who had been ill. I returned the latter part of March, and in fact probably the last week of March. At that time I sent another memorandum, because I had received an inquiry from Mr. Bonn regarding some labor negotiations that had been going on throughout Chicago for the various teamsters. I then sent him a letter apprising him of the labor contracts, and also this is a letter that I sent to Mr. Bonn on April 6, 1955.

The CHAIRMAN. May I inquire if that letter is in any way related to this contract?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. All right. You may identify it, and it will be made a part of the record.

Mr. KEESHIN. I would like to of course leave this or have it copied.

Mr. MESEROW. Mr. Chairman, if I may interject here, in order to assist the committee, we have a whole file of correspondence of Mr. Keeshin and the railroad committee, and Mr. Bonn which we would like to make available to the committee if they desire it.

The CHAIRMAN. It may all be made available to the committee for its inspection, but we do not want to encumber the record with purely extraneous matters. So let the witness identify the letter, and then it can be left with the committee, and if he wishes to make any comment—I don't think it will be necessary to read all of them into the record. But any pertinent comment that you care to make regarding the letter and what purpose it served or how it is related to this inquiry, you may state it.

Mr. KEESHIN. In writing this letter, I merely reminded him that I had not been very specific in my original proposal of that date; that is, the type of equipment, and a matter regarding the handling and loading of the trunks and baggage to and from, and also the assignment of the various passenger agents if you were going to set them up, so that I made mention of all of that. Also, that we would put in, in lieu of the straight trucks, this was going to be a tractor-trailer operation, a shuttle system for the handling of baggage.

The CHAIRMAN. May I inquire then, would you regard that as an amendment or clarification of your previous bid?

Mr. KEESHIN. Yes, because I had written to him in response to a letter that I had received from Mr. Bonn, just a few days prior, and I believe——

The CHAIRMAN. They may be marked "Exhibits for file with the committee," but not for the record, as of the present. You can identify them and mark them as exhibits for filing with the committee. Hereafter, if we find that any of them are pertinent and belong in the permanent record of the hearings, we will so order.

All right, you may proceed.

Mr. KENNEDY. Are you finished now?

Mr. KEESHIN. After I sent this reply, I received a letter back from Mr. Bonn acknowledging my letter to him that I had sent over my letter of April 6, with the supplements that I had set up, and this is the original letter that I had where they confirmed the type of trailers, such as, for example, I stated that they would be 20-foot trailers, and passenger agents on 16-hour duty. That is, two shifts.

Mr. KENNEDY. Wasn't it ultimately—you received notification on June 13 that your proposal was accepted?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. That is what I wanted to know.

The CHAIRMAN. Now, is there any other correspondence aside from what you have introduced there, that you think may be of information to the committee that you would like to file with the committee? Let us get that all filed now.

Mr. KEESHIN. These are originals. Will I get them back?

The CHAIRMAN. You will get them back, and you may refer to them by number as they are numbered here, and submit copies of them, retaining the originals if you like.

Mr. KEESHIN. Exhibit No. 3[1] is the photostat of the original letter that I received from Mr. Bonn, dated August 27, 1954.

The CHAIRMAN. Now go through them and identify them that way and let us get them numbered.

Mr. KEESHIN. That letter together with their original proposal that they submitted to all of the other carriers, to be able to figure on the bid.

The CHAIRMAN. All right. Now, do you have any other correspondence or documents there that you think are pertinent to this inquiry?

Mr. KEESHIN. This is exhibit No. 4,[1] a letter dated December 13, signed by Mr. Padrick, in which this was referring to the subject of the matter of agreement with the Brotherhood of Clerks employed at the station in contrast to the fact that my employees were going to be members of the truckdrivers union, in lieu of the Brotherhood of Clerks.

Attached to that is also a letter from Mr. Padrick, outlining the trailer space at the baggage-room docks in the various stations. There was a question as to how many trailers we could spot at the baggage rooms of the various railroads.

(At this point, Senator McCarthy entered the hearing room.)

The CHAIRMAN. Would you identify Mr. Padrick?

Mr. KEESHIN. He is the chairman of the Western Passenger Association, E. B. Padrick.

The CHAIRMAN. That is the association that was representing all of the railroads at the time?

Mr. KEESHIN. Yes; there were 21 railroads, to be exact.

I would like to also identify exhibit 5,[1] showing one of my companies, the Truck Rail Terminal Co., which I own jointly with my wife of course, showing the amount of freight revenue my company created and paid to the railroads over a period of 2 years and 4 months, which totaled over $8.1 million in freight revenue that we paid out to the railroads.

The CHAIRMAN. All right. That may be filed.

I may say, Mr. Keeshin, as far as I know, there is no question about your financial responsibility involved in this, but anything you think that you would like to have the committee see is all right.

Senator JACKSON. I wanted to ask, what was the purpose of that last document? I don't quite understand that. Let the witness answer, please.

[1] This number refers to material filed by Mr. Keeshin with the subcommittee and is not to be confused with the officially numbered exhibits mentioned elsewhere in this testimony.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. The purpose of that was the fact that I am a highway carrier; one of my companies is a highway common carrier trucker. I might say that I have been in the transportation business for almost 40 years. In order to have the railroads give consideration that I was not only a competitor on the highway but actually one of my companies gave to the railroads more freight revenue charges that we actually paid than what I did on the highway. That was one thing that I had a complete breakdown of, naming all of the railroads showing in dollars and cents what we have paid to the railroads.

Senator JACKSON. What does that prove?

Mr. KEESHIN. That I am a pretty big customer of theirs, so that I should be given at least some fair consideration.

Senator JACKSON. This was a competitive bid?

Mr. KEESHIN. Yes, sir.

Senator JACKSON. What would that have to do with a competitive bid?

Mr. KEESHIN. Merely this, being I am a common carrier trucker and I am a competitor of the railroad on the highway, in one of my companies, I also wanted them to know that another company of mine that I owned, namely Truck Rail Terminals, was a consolidator of freight in boxcars, and gave to the railroads that much revenue.

The CHAIRMAN. That is something that you presented in support of your bid?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. As a sort of recommendation of yourself to the other contr[illegible] authorities?

Mr. KEES[illegible] That is right.

The CHAIRM[illegible] .. All right. It may be filed.

You have there in your hand a series of pictures of some of your equipment?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. They may be filed as a single exhibit. That will be exhibit 6.[1]

Mr. KEESHIN. There is a series of 8 pictures, of the type, these are all Ford station wagons, 50 of them, and 10 Volkswagons.

The CHAIRMAN. Since this contract was entered into and placed into service?

Mr. KEESHIN. Yes, sir; and also a picture of one of the new type that we just received which had been built, a Ford converted into a 12-passenger job. That also has a picture of some of our agents where we put in the type similar to the airline stewardesses, and we have women agents that are all dressed to handle the passengers at the various railroad stations, such as this type.

The CHAIRMAN. All of them may be placed in the record.

Mr. KEESHIN. I also might say that the buses and Ford station wagons are all air-conditioned, and two-way radio equipped, and power braked, and power steering. In one of our proposals we submitted we guaranteed to the railroads in order to stay abreast with the modern type of equipment that the railroads were coming out with, that we would replace these buses every 30 months with new vehicles in order to conform with the new design and the new effort on the part of the railroads to regain passenger traffic.

[1] This number refers to material filed by Mr. Keeshin with the subcommittee and is not to be confused with the officially numbered exhibits mentioned elsewhere in this testimony.

PLAINTIFF'S EXHIBIT 62 (Continued)

I have a letter here, also, from the Federal Civil Defense Administration complimenting us when we finally accomplished and got a 2-way radio control which carries a beam of 53 miles from the Loop to within any radius of the outskirts of Chicago, in which we can communicate with these cars without going through a radio station, direct between cars from any railroad station to a distance of 53 miles, covering any of the highways.

The CHAIRMAN. That may be filed as an exhibit for the inspection of the committee and not for the record at this time.

Are any of those originals?

Mr. KEESHIN. Yes, but——

The CHAIRMAN. All right, you may withdraw the originals and submit copies if you desire.

Mr. KEESHIN. Yes.

I also have another factor in my proposal that I submitted for the railroads, and I guaranteed to the railroads a fixed guaranteed contract rate for 5 years with a graduating scale for so much each year. In order to do that, I had to sit down and negotiate a labor contract with the Teamsters Local 705, in Chicago. I have a copy of the contract here with the union, which is a 6-year labor contract that I would like to file.

The CHAIRMAN. It may be filed.

Mr. KEESHIN. And because of that, I in turn was able to give to the railroads a guaranty of rate showing a 5-year contract with an adjustment of wage scales each year for the next 3 years. The only basis of speculation in this contract was the gamble on my part as to any possible inflation of gasoline and tire costs and other materials, but insofar as our wages are concerned my contract with the railroads increases automatically each year as to the increase I give to my men.

This is an uncancelable contract on the part of the unions.

The CHAIRMAN. That may be filed.

Mr. KEESHIN. This is a copy of the original contract that was signed by the 21 railroads, and by myself, and Mr. Padrick as chairman of the Western Railway Association.

The CHAIRMAN. All right, it may be filed.

Now, does that cover all of your documents?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. As I understand it, Mr. Keeshin, you were going to form a new company or corporation to handle this contract?

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. And you did form a corporation to handle it?

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. What is the name of that?

Mr. KEESHIN. The Railroad Transfer Service, Inc.

Mr. KENNEDY. What is your relationship with Mr. Hugh W. Cross?

Mr. KEESHIN. I have known Hugh W. Cross prior to the time that he became Lieutenant Governor of our State, back at the time he was president of our senate.

Mr. KENNEDY. Have you been close friends?

Mr. KEESHIN. Well, I would say we have been rather friendly.

Mr. KENNEDY. How friendly?

Mr. KEESHIN. When you say "close friends"——

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KENNEDY. Do you visit in one another's home, for instance?
Mr. KEESHIN. No; he visited my home once, and I visited with him here in Washington.
Mr. KENNEDY. Did you visit at his home?
Mr. KEESHIN. Not at his home here in Washington—I visited him in his offices.
Mr. KENNEDY. You came to his office?
Mr. KEESHIN. I visited with him when he was in our capital in Springfield.
Mr. KENNEDY. At his home?
Mr. KEESHIN. No, sir.
Mr. KENNEDY. Have you ever visited at his home?
Mr. KEESHIN. No, sir.
Mr. KENNEDY. Has he ever visited at your home?
Mr. KEESHIN. Yes, sir.
Mr. KENNEDY. When was that?
Mr. KEESHIN. In 1954.
Mr. KENNEDY. What month?
Mr. KEESHIN. I wouldn't remember that. That was some time in 1954, at the time I was attempting to buy the Chicago West Town bus lines, and at that time that company was in receivership, and I had attempted to buy it, and submitted an informal bid for $350,000 for a bus line that operates locally within the suburbs around Chicago, and I happened to mention to him that I would like very much if he could come in. This was some time in 1954. I wanted him to look the thing over, and he did come in one Sunday, and I met him, and we rode around through the garage in the area where this Chicago West Town bus line was served, and when we got through we stopped off at our home and visited with my wife, and then I brought him back to the Loop.
Mr. KENNEDY. What is it that you wanted him to look over?
Mr. KEESHIN. I wanted his advice and guidance as to what he thought about this bus operation, being that he was well acquainted with the situation around Illinois. At that time I suggested to him that if I was successful in getting this company and if he had contemplated leaving Government service as was commonly known, that I would like very much if he cared to, to consider, if I were successful, to come in and head up this company.
Mr. KENNEDY. This was a bus company around Chicago?
Mr. KEESHIN. The Chicago West Town Railways.
Mr. KENNEDY. And you mentioned to him at that time that you would like to have him come in and head that company up?
Mr. KEESHIN. If I was a successful bidder, and if he decided to leave the Government service, of course.
The CHAIRMAN. Were you the successful bidder?
Mr. KEESHIN. No, sir.
The CHAIRMAN. That deal did not go through?
Mr. KEESHIN. No, sir.
The CHAIRMAN. So whatever you had to say to him about that, didn't materialize?
Mr. KEESHIN. No, sir.
Mr. KENNEDY. He came to your home, and was his wife with him at that time?
Mr. KEESHIN. No; she was not with him at that time.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KENNEDY. Now, have you seen each other or talked to one another since December of 1954, when you first submitted your bid on this transfer contract in Chicago?

Mr. KEESHIN. I had seen him, I believe, here in Washington and I don't remember just about when. It was some time in April or thereabouts. I believe it was April, but it could be May.

Mr. KENNEDY. Is that the only time you have seen him?

Mr. KEESHIN. Well, from that time on, because I had been out of the country, and I had been in Honolulu for several weeks, and I did not return back until the last week of March.

Mr. KENNEDY. Have you seen him since April to this time, to now?

Mr. KEESHIN. The last time I had seen him was in September in Chicago, when he came in to attend a dinner, testimonial they had given for Senator Dirksen.

Mr. KENNEDY. So since December of 1954, up to today, you have seen him twice, is that right?

Mr. KEESHIN. I have seen him several times.

Mr. KENNEDY. Would you relate when you have seen him, and what the circumstances were?

Mr. KEESHIN. I don't quite remember. I have seen him in Washington here I would say 4 or 5 times, possibly 3, and I don't recall now exactly how many times I have seen him.

Mr. KENNEDY. Where have you seen him?

Mr. KEESHIN. Here in his offices at the Commission, and I have seen him in Chicago. He was in Chicago some time in, I believe it was late in July. I talked with him prior to that several times, and in fact, I talked with him during June, and——

Mr. KENNEDY. What do you mean, you talked to him?

Mr. KEESHIN. On the phone. I called him at the time I submitted—or told him about this contract, and when there was a question that had been raised by my competitor who attempted to bring out the facts that I was not financially able to handle this contract if it was given to me, I then went to my bank and I was quite proud when I received a letter of credit that I could submit to the railroads. I knew then that the railroads were checking up on my financial credit, and when I did get my letter of credit from my bank which clearly stated that my credit was good up to the sum of $500,000 without collateral I was quite proud of that.

I know he was one of the fellows that I called to tell, as well as a number of other friends of mine, and I submitted that letter to the railroads as to my credit. I knew that they had been checking up on my credit and I might also say that I talked with him several times about this contract as I did on other occasions. We had conversations in the past politically, and I mean his aspirations were always either to go back, and—well, I would say back in politics in Illinois, and I discussed with him many times the campaign of our present Governor, and I also might say this for the record: That the only time I discussed with him a matter pertaining to my own company, namely the Conklin Truck Lines, was that we had filed for temporary authority of a truckline operating up through Rinelander and Eagle River and all, and because of the lake territory being unable to serve all of the routes designated we had filed for temporary authority to serve for the summer months all of the Vilas and Onid Counties in order to get away from finding out whether we were on

PLAINTIFF'S EXHIBIT 62 (Continued)

this route at the right time or not. We filed to ask for 125 days' temporary authority.

Now, the common practice in the motor carrier field is that any carrier will file under an emergency application when he can get affidavits and witnesses who will testify that they wanted this service and this was just for the summer season only, and when we filed it and submitted it, I did call him several times on that, and that is the only time that I ever called him to intercede on a matter for me, and when we got all through we finally got 45 days.

The CHAIRMAN. What year was that?

Mr. KEESHIN. 1955. This is during this past summer, during May and June, and all of the way up into July. When we got 45 days I expressed to him my complete disappointment regarding that situation.

Mr. KENNEDY. You talked to him 4 or 5 times in person at his office at the ICC, and you saw him once out in Illinois at this dinner in September, and how many times——

Mr. KEESHIN. You said the last time. I said the last time I had seen him in Illinois was on September 12, when he came in to attend the testimonial for Senator Dirksen.

Mr. KENNEDY. Did you see him any other time?

Mr. KEESHIN. I saw him once before that in the summer.

Mr. KENNEDY. Where?

Mr. KEESHIN. In Chicago.

Mr. KENNEDY. Where in Chicago?

Mr. KEESHIN. He came into Chicago, and I don't know whether he was on his vacation or not, and he phoned me, and I met with him, and in fact, I prevailed upon him to come up to my office—he had never been to my office—and then I met with him, and I was his guest at the Union League Club for lunch.

Mr. KENNEDY. What was the purpose of the telephone call? You don't have to give the witness the answers, Mr. Meserow.

Mr. KEESHIN. What was that? I didn't hear that, sir. Will you repeat the question, please?

Mr. KENNEDY. Why did he telephone you at that time?

Mr. KEESHIN. We had been friends for a long time, and I discussed with him many times, many situations, politically and otherwise, and he at that time seemed to be interested when I had hoped to get that West Town Railway thing, and while we never arrived at anything——

Mr. KENNEDY. You hoped to get what?

Mr. KEESHIN. I had hoped at that time prior to that to get the Chicago West Town bus line.

Mr. KENNEDY. Now, this is in September—or when is this—is this in 1955 we were talking about?

Mr. KEESHIN. I am talking about when I had lunch, and you asked me why he phoned me, and that was during the summer.

Mr. KENNEDY. Of 1955?

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. I thought this bus question came up in 1954.

Mr. KEESHIN. I am just bringing up, that being as we were friends, he came into Chicago, and phoned me at my office.

Mr. KENNEDY. Did you discuss the bus question again?

Mr. KEESHIN. Oh, no.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KENNEDY. All right. Go ahead, please.

Mr. KEESHIN. Merely on a general friendship basis, and I asked him if he had ever been to my office, and I would like very much for him to come up and then I would go and have lunch with him, and I did go and have lunch with him at the Union League Club, which he paid for.

Mr. KENNEDY. Did you see him again?

Mr. KEESHIN. I saw him again——

Mr. KENNEDY. When he was in Chicago at that time, when did you see him?

Mr. KEESHIN. Well, I just stated I saw him when he was in Chicago, and I had lunch with him, and he came up to my office.

The CHAIRMAN. Let me inquire at that point whether the truck deal, your offer to buy this truck company, or this bus line, whether that had already fallen through?

Mr. KEESHIN. That had already fallen through.

The CHAIRMAN. That was all passed at that time?

Mr. KEESHIN. Yes; they had fallen through late in 1954.

Mr. KENNEDY. Did you see him any other time while he was in Chicago on this visit?

Mr. KEESHIN. Outside of that visit I saw him once later in the summer, and he and his wife were up at his summer home, and he drove up to my home at that time. I had a friend of mine there, and he came up to see him.

Mr. KENNEDY. Who was the friend?

Mr. KEESHIN. One of your colleagues who stopped at my home with his wife, Senator Dirksen. He did drive up from his summer home and visit with the Senator for a couple of hours, and I did see him there for a little while, and he chatted with the Senator and then drove back later that afternoon.

The CHAIRMAN. Just to get the record straight, he and Senator Dirksen you assume are friends, politically and otherwise?

Mr. KEESHIN. Dating away back.

The CHAIRMAN. And there is nothing unusual in him wanting to see Senator Dirksen?

Mr. KEESHIN. It has been pretty common, if I may say, even throughout Washington here, that he has been wanting to step aside from Government service for more than the past 2 or 3 years, and he has been anxious to get back into politics, I guess, and he at one time tried to get back to be a candidate for public office again in Chicago.

The CHAIRMAN. All I am trying to establish is that so far as you know, his visit with Senator Dirksen had no relation to this particular contract or his working for you or not working for you.

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. So far as you know, did it have or didn't it have?

Mr. KEESHIN. It had nothing to do with it.

The CHAIRMAN. I have a lot of people come and visit me as Senator, or who are friends, and they may see me at someone else's home, but the point is that you are not identifying Senator Dirksen in any way as connected with this transaction?

Mr. KEESHIN. Not a bit, Senator.

The CHAIRMAN. All right, I just wanted to get the record clear.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KENNEDY. Did you see him on other than these two occasions, when he came to Illinois, during this visit, did you see him on other than these two occasions?

Mr. KEESHIN. No, sir. I don't recall positively.

Mr. KENNEDY. Do you think that you might have?

Mr. KEESHIN. It could be a possibility, and I see a lot of people, but I don't recall having seen him more than twice on those occasions.

Mr. KENNEDY. Do you think he might have come to your office on another occasion?

Mr. KEESHIN. Only once—that much I can assure you.

Mr. KENNEDY. How many times do you think that you talked to him on the phone when he was out there in Illinois?

Mr. KEESHIN. That is hard to say—a number of times, numerous times.

Mr. KENNEDY. What were you talking about numerous times, when he was in Illinois?

Mr. KEESHIN. Matters personal, and politics, and a lot of things. One discusses a lot of things with a man in public life, and a political man and a man who was formerly lieutenant governor, and we talked about a lot of his old appointees, and people, as to what the possible future was of the Republican situation in Illinois.

Mr. KENNEDY. You have been active in politics yourself?

Mr. KEESHIN. I have been, sir, very active. I had to be and be in the transportation business.

Mr. KENNEDY. And you were just discussing personal matters with him?

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. Now, these are the visits that you have had with him. What about the telephone calls that you have had with Mr. Cross, either his calls to you, these long-distance calls from Illinois to his office here in the ICC or his home? Have there been many of those?

Mr. KEESHIN. Yes, I made a lot of calls, and he called me back when I would ask him to call me back, as a favor. I know calls were made to my home when my wife had been ill, and I know his wife made a number of calls to my home. And I might also say this, that during this period of July, you will find a number of calls in June and July were made regarding this temporary authority, because I felt that in order to serve all of Island County and Oneida County, when we had a bunch of people there with summer homes and cottages, who wanted their freight delivered, and we had no legal right to deliver it, and we were waiting for this temporary authority, and for some unknown reason it was just delayed, and I finally called and told him, and I said "If anybody filed without any affidavits, and just a temporary, he would normally get 120 days; what is holding us up?" I want to say this for the record, that this is the first time in all of the years he had been with the Commission that I asked him for something personally, and then I wound up getting it only for 45 days.

Mr. KENNEDY. Did you find out why your temporary authority had not been granted immediately? Weren't there some safety regulations, or something?

Mr. KEESHIN. They raised the question on that, and I wrote back to the Motor Carrier Division of Safety, and stated the facts, that here, based on the number of millions of miles we had operated, and that re-

PLAINTIFF'S EXHIBIT 62 (Continued)

cently we renewed our insurance with the same carrier, if our accident ratio was bad, we surely could not have gotten a refund and a reduction in our rates, but we did. We got a credit of almost $40,000 or so, in a reduction under our retrospective premium.

Mr. KENNEDY. I don't want to get into any extraneous matter, but as I understand, you requested the temporary authority on May 25, and that this was temporary authority granted to you on June 7, 1955, with the understanding that you would comply with the safety regulations, which you had not done in the past; in addition that you should maintain daily driver logs and that you had not complied with that regulation.

Mr. KEESHIN. That is what one of their inspectors said.

Mr. KENNEDY. And then on July 25, the temporary authority of 60 days was granted to you?

Mr. KEESHIN. That was in August, when most of the summer was over.

Mr. KENNEDY. And it was granted to you for 60 days only, because you wanted it for the summer?

Mr. KEESHIN. It was only granted to us for 45 days, and not 60 days.

Mr. KENNEDY. It was granted until September 17, I believe.

Mr. KEESHIN. After all, we are all through serving that area and that country right after Labor Day, and we needed it primarily during June and July, and when they finally did give it to us, half of the summer was over, or two-thirds of the summer, and then it was only 45 days and not 60 days.

Mr. KENNEDY. The reason they did not give it to you was because you had not complied with the safety regulations.

Mr. KEESHIN. That is what one of their inspectors said.

Mr. KENNEDY. That is all.

Now, you talked to Mr. Cross on a number of different occasions by long-distance telephone; is that right?

Mr. KEESHIN. That is right.

Mr. KENNEDY. And what was the purpose of these calls?

Mr. KEESHIN. To see what he could do to expedite it, to expedite this temporary authority, because it is common practice in our business, that anyone who files a temporary authority under an emergency automatically gets authority, and we only asked for it during the summer months.

The CHAIRMAN. Let me ask you a question to get the record straight.

When was this application filed for this temporary authority?

Mr. KEESHIN. I don't remember now.

The CHAIRMAN. Was it May 25? Would that be the correct date?

Mr. KEESHIN. I would say so.

The CHAIRMAN. And when was the temporary authority granted?

Mr. KENNEDY. The record shows it was granted June 7, 1955, with the understanding that it would not go into effect until Mr. Keeshin complied with the safety regulations.

The CHAIRMAN. From May 25 to June 7?

Mr. KEESHIN. We didn't get it June 7, I beg to differ with you.

The CHAIRMAN. I am just asking on the basis of the information in the file here.

Mr. KEESHIN. You have the date there, and you mentioned that.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KENNEDY. I said it came into effect, and you were granted it on June 7 with the understanding that you would comply with the safety regulations, and you complied on July 25, and that was the date that it went into effect.

Mr. KEESHIN. In other words, as far as we were concerned, they never gave it to us until July 25, and extended——

Mr. KENNEDY. That is when you complied with the safety regulations?

Mr. KEESHIN. We later proved, and we have the records to show that we have one of the finest safety records in the United States.

Senator JACKSON. Was it a mistake?

Mr. KEESHIN. I believe so, under our basis.

Senator JACKSON. You didn't have to change anything, and you didn't have to comply with it?

Mr. KEESHIN. No, sir, they came in there, and their inspectors came into our Toledo offices and went through our offices and were perfectly satisfied, and when they got through, they gave us a compliment.

I would like to correct one thing. Any order under the temporary authority that is issued by the Commission, if I can recall correctly, there is always a provision where it provides that you must comply with the safety requirements.

Mr. KENNEDY. Your statement is that you made absolutely no changes, is that correct, between these dates of June 7 to July 25?

Mr. KEESHIN. What do you mean?

Mr. KENNEDY. There wasn't anything that you had to comply with?

Mr. KEESHIN. Their inspectors came in.

Mr. KENNEDY. Did you have to change any of your procedure?

Mr. KEESHIN. Well, let me say this. We made running tests between various points, and we clocked the runs. At one time their inspector claimed that we were running too fast, and we made various test runs between these points. Then they came back in after we made these various test runs and went through it, and then insisted that we make some more test runs. Then they had raised the question that our logs that we were keeping were not in the same manner that they should be kept, and they wanted it kept in another way, although for years and years since the Motor Carrier Act went into effect we had always kept it in that manner.

Mr. KENNEDY. You said there were misstatements in your logs?

Mr. KEESHIN. They didn't say misstatements.

Mr. KENNEDY. What did you do? Did you rectify the situation in your logs?

Mr. KEESHIN. Our people went along with whatever they wanted and rectified it.

Mr. KENNEDY. That is what I wanted to get. So that ultimately, on July 25, you had made these various corrections, and they granted you the temporary authority; is that correct?

Mr. KEESHIN. I would say that that is when we got it.

The CHAIRMAN. I have 1 or 2 questions. Are you implying that the telephone calls you may have had with Chairman Cross, these long-distance calls from you to him and his return calls to you, all pertained to this temporary application?

Mr. KEESHIN. No, sir.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. Did a majority of them pertain to that?

Mr. KEESHIN. A majority of them pertained to that; yes, sir

The CHAIRMAN. How many calls do you say that you made between May 24—I believe your application was not filed until the 25th—from beginning May 25 to July 25, when it actually went into effect? How many calls would you say were made, either to or from?

Mr. KEESHIN. That I would say would be awfully difficult for me to answer, because I do make an awful lot of calls all the time.

The CHAIRMAN. Prior to that, had you had any occasion to call him about anything else prior to the time you filed your application on July 25?

Mr. KEESHIN. I have always called him on various personal matters.

The CHAIRMAN. What other matters would you be calling him about prior to that time, if you can recall?

Mr. KEESHIN. I called him prior to May.

The CHAIRMAN. Prior to May 25 when you filed your application?

Mr. KEESHIN. I probably called him on some personal matters pertaining to the political situations, and he would call me, or his wife would call to talk to my wife. I also called him at the time when I had filed my application or my bid with the railroads, to tell him what progress I was making, and so that as a friend, I wanted him to know just how we were going along.

The CHAIRMAN. You are speaking now of your application to the railroad, or are you referring to this contract that you received from the railroads to handle these things?

Mr. KEESHIN. I talked to him about that contract, also, that I put in with the railroads; yes, sir.

The CHAIRMAN. And you talked to him about that prior to May 25?

Mr. KEESHIN. Possibly prior, or possibly after, both times. I wouldn't know.

The CHAIRMAN. When was that contract finally granted? I don't recall.

Mr. KEESHIN. June 13.

The CHAIRMAN. On June 13?

Mr. KEESHIN. Yes.

The CHAIRMAN. Prior to June 13, beginning with March, do you know how many calls you had between you and Mr. Cross?

Mr. KEESHIN. It would be hard for me to answer that.

The CHAIRMAN. Some of those calls were pertaining to this particular contract?

Mr. KEESHIN. I might have made some calls pertaining to this particular contract; yes, sir.

The CHAIRMAN. In what respect would it be necessary, if the ICC has no jurisdiction over this contract—what would be the occasion for you to call Mr. Cross about it?

Mr. KEESHIN. Well, I have always had the practice of consulting with him on various things, and the thought there was that I wanted him to know about it. I wanted his views as to the fact that I was going into a different phase of this business of mine, and like anything else, being he is my friend, if an occasion arises, that he could pass a good word for me, naturally I would hope he would do it.

The CHAIRMAN. Then you had in mind to solicit his assistance with the railroads in securing the contract.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. No, sir, Senator.

The CHAIRMAN. Just a moment now, Mr. Counsel, I think that if I ask a question that is not pertinent, then you may say something to me about it, but let us let the witness testify.

May I inquire now, as I understand it, you agree that you did talk to him about this particular contract and that you had in mind that if he could say a good word for you with the railroads with whom you were negotiating, and to whom you had submitted your bid, you hoped he would do it?

Mr. KEESHIN. If the occasion arose, yes, sir, and I never asked him to do it.

The CHAIRMAN. You did not ask him to do it, but that was some of the purpose of your call?

Mr. KEESHIN. That is right.

The CHAIRMAN. And do you know that he did carry out that purpose?

Mr. KEESHIN. That I do not know.

The CHAIRMAN. You haven't talked to him about that?

Mr. KEESHIN. No, sir.

The CHAIRMAN. He didn't call you and relate to you what he was doing in that connection?

Mr. KEESHIN. No, sir; he never did.

The CHAIRMAN. Did he ever at any time tell you that he had interested himself in it?

Mr. KEESHIN. No, sir. I mean I didn't know that he had talked to any particular people about that.

The CHAIRMAN. In the course of these conversations—now that is pretty important, remember you are under oath. I am not saying that you are inaccurate about it. But the question is direct and positive now. In the course of these telephone conversations, or any visit that you had with Mr. Cross during that period of time, did he apprise you of the fact that he was complying with the purpose, partially the purpose, according to your own testimony of your calls, by putting in a good word for you with the railroads with which you were negotiating? Did he apprise you of that fact?

Mr. KEESHIN. Never mentioned any particular railroad, and all he told me was that he hoped that I would be the successful bidder.

The CHAIRMAN. That is all he told you, and he didn't tell you what he was doing?

Mr. KEESHIN. No, sir.

The CHAIRMAN. Didn't tell you that he would do what he could?

Mr. KEESHIN. No; and he said if ever the occasion arose, he would pass a kind word for me.

The CHAIRMAN. He told you if the occasion arose he would pass a kind word for you?

Mr. KEESHIN. No, sir.

The CHAIRMAN. Did he say that he would make such an occasion and do you know that he did make such an occasion, and that he did pass the word?

Mr. KEESHIN. I have heard about it since.

The CHAIRMAN. But you never knew about it?

Mr. KEESHIN. Not at the time.

The CHAIRMAN. Let me ask you further, now, you had prior to that had an understanding with him that if your purchase of this trucking system went through——

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. The bus system.

The CHAIRMAN. You would like to have him come into your company and head that particular company, if you purchased it?

Mr. KEESHIN. That is right.

The CHAIRMAN. That was prior to this transaction?

Mr. KEESHIN. That is right.

The CHAIRMAN. Now, then, following up to this transaction, and having not succeeded in the other, what conversation did you have with him with regard to heading up this company or coming with you if this transaction went through?

Mr. KEESHIN. This transaction itself was too small to have a man of his caliber come with me in that particular case.

The CHAIRMAN. But you have other large interests?

Mr. KEESHIN. That is right.

The CHAIRMAN. And you might need some additional help if you take on this contract?

Mr. KEESHIN. No.

The CHAIRMAN. I am just asking the point blank question. Did you have any understanding with him or did you appraoch him with respect to this contract that if you succeeded in getting this contract, that he was to come with your company?

Mr. KEESHIN. Not in this particular contract; no, sir.

The CHAIRMAN. You did in the other.

Mr. KEESHIN. I did in the other.

The CHAIRMAN. But not in this.

Mr. KEESHIN. And I might also say that at the time that contract failed, when he was talking about retiring from Government service, I did leave him with this thought in mind, that if at any time he decided that he wanted to get out of Government service and felt that he wanted to get into business and not in politics, to be sure and let me know, that I thought that I would always be able to sit down and work out something with him.

The CHAIRMAN. In the course of your negotiations, or in the course of the companies consideration of your bid, the railroad companies consideration of your bid, for this transfer service, did you again remind him or did he have in mind from your previous conversation and did you understand that, that he could come with your company if you were successful in this matter?

Mr. KEESHIN. At no time in the course of negotiation of this railroad contract was there any specific mention made that he would come with my company.

The CHAIRMAN. Was there any general statement or understanding about it?

Mr. KEESHIN. Merely that the original views that he had from me, that if at any time he wanted to get out of Government service, and if he decided that he wanted to go into business and not in politics, or go back into the practice of law, I would be very happy for him to let me know if he would entertain a proposition so that he could come with one of my companies.

The CHAIRMAN. Now, on that basis, I think that you know that there were rumors to the effect or statements being made to the effect that if you secured this contract, Mr. Cross was to leave the ICC and come with your company. You knew about those rumors; didn't you?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. I had heard about them later, and you hear about those kind of rumors; yes, sir.

The CHAIRMAN. I am not referring to them as anything but rumors——

Mr. KEESHIN. That is right, I heard about those rumors.

The CHAIRMAN. I think that is pretty well established, that such talk was prevalent.

Mr. KEESHIN. Those rumors were established by our competitors, then, the Parmalee people, and I knew about that, and they were going around and putting in a lot of threats, and a lot of pressure, and they came on down as to what was going to happen to me, and there were a lot of things in the transportation business. You know, Senator, it is not a mild-mannered business. I have had to fight my way through 40 years in this business. I built it up by its bottstraps.

The CHAIRMAN. And the chairman is perfectly willing to give you time to make any statement about that that you want. I want to get right down here to the cold facts now about this particular transaction, and I have asked you in as direct language as I know how to put it, whether there was any agreement express or implied between you and Mr. Cross relative to this particular contract, that if you succeeded in getting it, he was to come with you, either in this company or in all of your companies.

Mr. KEESHIN. No, sir. I merely want to supplement that, though, that the original understanding that he had early in 1954 when we failed on getting the West Town, and when he talked repeatedly about resigning and going either back in law practice or what not, I told him then that if at any time he wanted to go back into business and wanted to become associated with me, I would be very happy to have him associated with me.

The CHAIRMAN. That understanding had never been rescinded, and that was still so far as you know, the understanding between you?

Mr. KEESHIN. That is right.

The CHAIRMAN. Was there any reference——

Mr. KEESHIN. I wanted to say that during the time I got this contract——

Mr. JACKSON. I think the record should show that counsel from time to time has——

The CHAIRMAN. The Chair is very lenient in these matters, but after all now counsel knows we just want the witness to testify.

Mr. MESEROW. It was my understanding that I could advise the witness, and I am trying to bring out the facts.

Senator JACKSON. Advise the witness on what?

Mr. MESEROW. On bringing out facts in this witness.

Senator JACKSON. You are not to give testimony.

The CHAIRMAN. If you think that any question is asked that he should not answer, or that it would be improper for him to answer it or he should stand on some rights that he is entitled to under the law and the Constitution, you may advise him not to answer that question, but not advise him as to the testimony that he should give.

Now, if we overlook something that you think is pertinent, as I mentioned to you before, if you will acquaint the Chair with the question you would like to have asked, we will bring it out. But in the courtroom, when your witness is testifying, you can't go up and whisper to him every few minutes.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. MESEROW. There is only one question I would like to have you ask if you would, Senator, to clarify the trend of your questioning. That is to ask Mr. Keeshin whether or not he had any agreement or a new agreement with Mr. Cross with respect to or during the term of the negotiations of this railroad contract.

The CHAIRMAN. That is exactly what I am trying to bring out, and I am trying to ask it, and I thought that I had asked it before.

First, as I understand it now, and we will try to hurry along, and I don't want to belabor this thing or keep you here unduly, but as I understand it, you had had an agreement or an understanding with Mr. Cross that if you made this other purchase, the purchase of the buslines, he could come with your company if he desired to do so?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. That had been repeated in this fashion, and in a general fashion, that at any other time he wanted to leave the Government, you would like for him to consider coming with your company?

Mr. KEESHIN. That is right, but that was prior to my getting this contract and at no time was it the purpose of this contract.

The CHAIRMAN. That was prior to the time of your getting this contract?

Mr. KEESHIN. And I never rescinded that thought in his mind.

The CHAIRMAN. That was still an understanding between you in the course of this contract?

Mr. KEESHIN. That is right.

The CHAIRMAN. Then would you say that is why Mr. Cross interested himself in trying to help you secure the contract, if he did so?

Mr. KEESHIN. I don't believe so, and I want to say this clearly, Senator, that I have been in the transportation business for 40 years, and I have been around politically, and I have been involved in a lot of matters here in Washington, and I have dealt with people all of the way back from 1939, I might say, to the early days when I was called in and dealt with the White House through President Roosevelt on quite an important task in the Far East, and all.

I have built up the largest truckline in the United States, and I didn't need any Commissioner, and I started my dealings in the old days with Joe Eastman, in the development of the Motor Carrier Act, and it was nothing uncommon for Joe Eastman to recommend me to certain friends of his, or to Commissioner Rogers, or other commissioners, and it has been a sort of known fact.

I might say that when you brought up the question about rumors floating around, certainly in our business the attorneys representing those people—before I even submitted my bid I want you folks to know this, it wasn't a question that I had to take this company. I have got, thank God, the Good Lord has been good to me, and I have enough companies, and I am successful in my companies, and it wasn't a matter of life or death. And when this thing first came to me, I think that I was most gracious, if I do say so, I went to Mr. Marcom's official, Mr. Ben Samuels, of the Yellow Cab Co., one of his affiliates, and I don't think many competitors would do it, and I sat with him, and I said "Now Ben, the railroads have been in to see me, and I don't care about this contract, I think that you ought to tell Mr. Marcom to do something about this equipment. It is a disgrace to

PLAINTIFF'S EXHIBIT 62 (Continued)

Chicago, the kind of equipment, and the railroads have been faltering in service. Now, I think that you ought to tell Mr. Marcom for me that I am in the freight business and I don't want to get into this and I think he ought to do something," and Mr. Samuels turned to me, and he said, "You are wasting your time."

I said, "Now look, these railroads aren't fooling, and they have gone out to a lot of people, and they are insistent that I make a study." Once I start making a study, I am not going to back down out of it, because I knew that once I get involved in this thing, it is going to be a fight.

And now what happened? I was laughed at, and I was told that I didn't have a chance. Well now, the records will show, Senator, that my life has been threatened, they have threatened and called my home up and scared the wits out of my wife, and I have been called, and I have been brought up to testify before the Federal grand jury in Chicago, as to my threats on my life, and the things and sabotage that have happened to my equipment, and things that have happened to my equipment, 25 or 30 years ago was considered normal. I have had airlines cut, I have had electric lines cut.

Senator ERVIN. I respectfully suggest we ought to get back to what we are investigating.

The CHAIRMAN. I may say this, that the Chair tries to be liberal in these things, but I don't want to deny any witness the right to say anything he thinks pertinent, and I may say that I think we can shorten this from the Chair's information, I don't necessarily regard your competitor very highly, and we are not primarily concerned with whether you have the contract or didn't get the contract, or what you may have done to get the contract other than as it is related to Mr. Cross.

Mr. KEESHIN. I would like to say, Senator, that we got the contract on our merits, and I gave the railroads the finest of equipment, and the finest that money could buy, and I gave them a service. You take for example another thing that I put in that I think was quite a selling point, and that was shifting their baggage not twice a day where most of the baggage would lay around 2 or 3 days before a man got it when he got off the train, but I gave them 4 transfers a day in that shuttle system.

The CHAIRMAN. Now, you have improved the service according to your testimony and we don't need to go into all of the details, and that may be conceded by every witness that testified. That was not the point that the committee is primarily concerned about. But you said, and this has some significance, you said that after this conversation with Representative Marcom, or a high official in his organization or in his companies, when he told you that you were just wasting your time, that then you determined to fight.

In determining to get the contract, the presumption arises or could arise, from what you have already testified, that you undertook to secure the influence of the Chairman of the Interstate Commerce Commission to help you get that contract and that he did use his influence to help you get the contract.

Mr. KEESHIN. No, sir, Senator. It was merely a recommendation that as you go along in business when people go out, you go to numerous people because I knew that the railroads were going to check on

PLAINTIFF'S EXHIBIT 62 (Continued)

me and they went to various sources, and I had hoped that if they did go to him he too would help recommend me.

The CHAIRMAN. All right. Now again I will ask you, Do you know what efforts he made to help you get the contract?

Mr. KEESHIN. No, sir.

The CHAIRMAN. Did you know at the time that he was making an effort to help you get the contract?

Mr. KEESHIN. No, sir.

The CHAIRMAN. He has never told you that himself?

Mr. KEESHIN. No, sir.

The CHAIRMAN. You have never talked to him about what effort he may have made to help you get the contract?

Mr. KEESHIN. I have not talked with him about that.

The CHAIRMAN. After securing the contract, did you not talk with him and discuss whom he may have talked to and what he did to assist you?

Mr. KEESHIN. I did not talk with him as to who he discussed it with at all.

The CHAIRMAN. Did you talk to him as to whether he had done anything or not to help you?

Mr. KEESHIN. When I got the contract.

The CHAIRMAN. What did he tell you he had done?

Mr. KEESHIN. When I got the contract, I called him and thanked him for what help he did give me, if he did give me any, and I said that I am very happy that I got this contract and I want you to know that I appreciate if you did put any effort forward to recommend me, the same as I called him, I called other friends of mine, and there were numerous other people that I did call in which I expressed my thanks and appreciation.

The CHAIRMAN. Then, in calling him, you recognized that he possibly had helped you because you had requested him to help you?

Mr. KEESHIN. Possibly he did.

The CHAIRMAN. And possibly he had helped you and so when you got the contract, you called him and thanked him for his assistance?

Mr. KEESHIN. Yes, sir.

Mr. MESEROW. In fairness to the witness and to Mr. Cross and to the committee, I think that we should be a little more explicit, perhaps, in your questions on defining the word "help." Now, there are all degrees of the word "help." I know what the witness means, but I don't think the committee does.

The CHAIRMAN. Just a moment. We have testimony here as to the character of the help, and if the testimony we have before us is correct, there could be no doubt about the interpretation of the word "help," as I am using it.

Mr. MESEROW. That may be within the knowledge of the committee, but it may not be within the knowledge of the witness.

The CHAIRMAN. I have asked him what Mr. Cross did insofar as his knowledge is concerned, and I have asked him what Mr. Cross reported to him, and he says now that after he got the contract he called Mr. Cross and thanked him for whatever help he gave, if he gave him any. So he obviously had in mind that he possibly had received help from Mr. Cross, or he would not have called him to thank him for it.

I think that is perfectly obvious to you and me as attorneys.

So let us proceed now.

PLAINTIFF'S EXHIBIT 62 (Continued)

Are there any other questions?

Senator JACKSON. I just had a couple of questions.

Did you ever renew this offer of employment after, say, December of 1954, at any time with Mr. Cross?

Mr. KEESHIN. No, sir; just in generalities, when I got back, and he still talked about the possibility of resigning from the Commission.

Senator JACKSON. Did you ever mention to anyone other than Mr. Cross—I will withdraw the question.

After December of 1954, did you, Mr. Keeshin, at any time ever mention to anyone else that you might employ Mr. Cross in any of your business firms or all of them?

Mr. KEESHIN. I don't recall mentioning that to anybody.

Senator JACKSON. To the best of your knowledge, after December of 1954?

Mr. KEESHIN. To the best of my knowledge; no, sir.

Senator JACKSON. Will you deny it?

Mr. KEESHIN. I say to the best of my recollection, I have made no statement to anybody that I contemplated employing him.

Senator JACKSON. You might have done that?

Mr. KEESHIN. I say to my best recollection, I don't know.

Senator JACKSON. Can't you give us a better answer?

Mr. KEESHIN. You go through discussions in business month after month, and you run into hundreds and hundreds of people, and as I said to the best of my recollection, no.

Senator JACKSON. Now, will you say categorically that after December of 1954, you at no time ever mentioned to Mr. Cross a reminder of his opportunity of employment with you?

Mr. KEESHIN. I could not say that, because in our conversations back and forth, of his constant wanting to resign from the Commission, where I might have tried to impress upon him that I thought he ought to stay with the Commission.

Senator JACKSON. In your many conversations subsequent to December of 1954, did you have the impression that Mr. Cross still understood that he might come with you or your firm or firms?

Mr. KEESHIN. I could not know what his impression was.

Senator JACKSON. Well, you say that you had a lot of conversations, and I take it that you admit that, after December of 1954?

Mr. KEESHIN. Well, I was away, and I didn't get back.

Senator JACKSON. I say after December of 1954, I understand your testimony, you were in Honolulu for a while, but after 1954 up to now, you had a lot of conversations with him.

Mr. KEESHIN. Yes, sir; I had a lot of conversations with him.

Senator JACKSON. And did you ever have the feeling then that he certainly did not think he had an opportunity of employment with you at some future date?

Mr. KEESHIN. We never got involved in that discussion.

Senator JACKSON. It was never discussed?

Mr. KEESHIN. No, sir.

Senator JACKSON. At no time?

Mr. KEESHIN. Not to my recollection, and now he has talked about going in other businesses down in southern Illinois.

Senator JACKSON. I am talking about your business.

Mr. KEESHIN. No, sir; not to the best of my ability.

PLAINTIFF'S EXHIBIT 62 (Continued)

Senator JACKSON. Now, I take it that at no time did Mr. Cross ever call you back and advise you that he had contacted any official in any of the railroads that were involved in the contract that you were interested in?

Mr. KEESHIN. I don't recall him ever mentioning that he had had any conference with any officials in my behalf.

Senator JACKSON. At no time did he ever report to you that he had talked to any railroad official in this connection?

Mr. KEESHIN. I can't recall him ever giving me that conversation on that.

Senator JACKSON. Well, you can remember.

Mr. KEESHIN. I have had all of my dealings with the railroads myself.

Senator JACKSON. But wouldn't you remember if he had called you up, and said, "Now, I have talked with Mr. Jones, or Mr. Brown, and there are many companies involved in this"?

Mr. KEESHIN. No, sir.

Senator JACKSON. The answer is that he never told you?

Mr. KEESHIN. No, sir.

Senator JACKSON. What impression did you have that he was to do for you after you had called him and discussed this matter of your submitting a bid to handle the passenger and luggage service?

Mr. KEESHIN. Well, it is a question of people coming in and out of his office, and naturally being that they knew he was from Illinois, they might be making inquiry as to the way Jack Keeshin operates.

Senator JACKSON. What people would be coming in?

Mr. KEESHIN. Various railroads.

Senator JACKSON. So you assumed that what would happen is that when these people would come in his office, or when he might be talking to them, he might put in a good word for you?

Mr. KEESHIN. Or they might ask him about me and I don't know.

Senator JACKSON. In connection with your proposal or proposals or any communication that you sent to this bargaining committee, the representatives of the railroads, did you at any time give Mr. Cross as a reference?

Mr. KEESHIN. No, sir.

Senator JACKSON. Then how in the wide world would they come to him?

Mr. KEESHIN. It is very simple. He is from Illinois, and a lot of people know he was our Lieutenant Governor, and the railroads are all centered in Chicago, and it is pretty common that he and I were old friends dating away back.

Senator JACKSON. They all knew that: didn't they?

Mr. KEESHIN. I would say it is general knowledge, being our Lieutenant Governor for 8 years in Illinois, and he was president of our senate.

Senator MCCARTHY. If they wanted to get——

Senator JACKSON. How long have you resided in Chicago and operated there?

Mr. KEESHIN. All of my life.

Senator JACKSON. All of your life?

Mr. KEESHIN. Yes, sir.

Senator JACKSON. Why would they come to Washington to get information about you?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. The same as they would come to Washington to get information about other things. They have gone to the banks, and they went to our manufacturers that I trade with, and they went to a lot of places to make inquiry about my performances and my ability to perform on a new type of business.

Senator JACKSON. This matter was not within the jurisdiction of the ICC; was it?

Mr. KEESHIN. No, sir.

(At this point, Senator McCarthy left the hearing room.)

The CHAIRMAN. I have 1 or 2 other questions here.

Did Mr. Cross tell you about having telephoned Mr. Simpson, president of the B. & O. Railroad on June 8 in your interest?

Mr. KEESHIN. No, sir.

The CHAIRMAN. I will ask you the positive question now.

Is it not true that on June 8, Mr. Cross called Mr. Simpson in your interest, and on the same day called you and made a report on that call?

Mr. KEESHIN. I don't know anything about him calling Mr. Simpson at all.

The CHAIRMAN. I have one other question. When did you call him after you were awarded this contract? You were awarded the contract on June 13, wasn't it?

Mr. KEESHIN. That is right, sir.

The CHAIRMAN. What time of the day did you know about the contract being awarded?

Mr. KEESHIN. I don't remember now just when I was given word on it.

The CHAIRMAN. Did you talk to Mr. Cross on that day?

Mr. KEESHIN. I wouldn't remember if I did, Senator.

The CHAIRMAN. You said that you called Mr. Cross to thank him.

Mr. KEESHIN. That is right.

The CHAIRMAN. How soon after the contract was awarded did you call him?

Mr. KEESHIN. I don't remember whether I called him the next day, or that night, or the day after, and it is hard for me to recall when I did call him.

The CHAIRMAN. Isn't it true that Mr. Cross called you on the 13th of June, instead of you calling him?

Mr. KEESHIN. I don't recall.

The CHAIRMAN. Now, did he call you to tell you that he had done the job, or did you call him to thank him for such help as he might have given?

Mr. KEESHIN. That is hard for me to say whether he called me but I know that I called him and thanked him, but just what day I called him, I could not answer that.

The CHAIRMAN. The records of the telephone company would reflect that call, I assume, would it not, if you called him?

Mr. KEESHIN. It might, depending on where I was, and whether I called.

The CHAIRMAN. Where did you call from? You are sure you called him—Where did you call him from?

Mr. KEESHIN. I wouldn't know.

The CHAIRMAN. Where were you when you got notice that the contract had been awarded?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. I was at Union Station.

The CHAIRMAN. Where?

Mr. KEESHIN. In Chicago.

The CHAIRMAN. Were you on your way somewhere, or coming back from somewhere?

Mr. KEESHIN. I suppose I was, the Union Station is the office where I meet with the railroads, and I was leaving there, probably, to come back either to my office or go back to the union office, and I don't recall.

The CHAIRMAN. You weren't on your way out of town?

Mr. KEESHIN. No, sir.

The CHAIRMAN. That is where the railroads have their offices, in Union Staion?

Mr. KEESHIN. Well, I——

The CHAIRMAN. And by being at the station, it would imply that when you learned about it, it wasn't that you were out of town. or that you were at the station for the purpose of taking a trip out of town?

Mr. KEESHIN. No, sir; this is where you meet with the railroads, at the Union Station, and I had come over from my offices, sir.

The CHAIRMAN. That is where the award was made?

Mr. KEESHIN. That is right.

The CHAIRMAN. Do you think that you called Mr. Cross that day?

Mr. KEESHIN. I could not say for certain whether it was that day, or the next day, or that night, Senator, I don't recall.

The CHAIRMAN. But you do not recall Mr. Cross calling you that day?

Mr. KEESHIN. I don't recall.

The CHAIRMAN. If he did call you that day, after the contract had been awarded, and after it had been announced, there would be no occasion for you to call him back to thank him; would there?

Mr. KEESHIN. That is right.

The CHAIRMAN. So if you talked to him that day, after the contract was awarded, on his call to you, then you probably thanked him when he called you.

Mr. KEESHIN. That could be, but I just don't recall that.

The CHAIRMAN. Is it not a fact that he called you that day, and told you that you were going to get the contract?

Mr. KEESHIN. No, sir; Senator, because my dealings were directly with the railroad committee, and there were 21 railroads sitting in that meeting, and I met with all 21 of them there.

The CHAIRMAN. At that particular time, that was the subject of any call you may have had with Mr. Cross?

Mr. KEESHIN. I couldn't answer that, because I would not know just exactly what the subject was. As I said, I called him sometime in the interim to thank him.

The CHAIRMAN. That is all for the present.

Senator ERVIN. You knew that Mr. Cross was somewhat unhappy with his work here and was contemplating returning to Illinois?

Mr. KEESHIN. That has been pretty common for the past 3 years, Senator.

Senator ERVIN. And you had assured him that any time he wanted to leave the Government employment, that you would be glad to offer him a position with some of your companies?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. If he wanted to go in business and not stay in politics, because he knew that anybody in politics could not be in business with me.

Senator ERVIN. But anyway, you knew that of course the railroads that you were seeking to contract with were subject to the regulation by the Interstate Commerce Commission, of which Mr. Cross was Chairman?

Mr. KEESHIN. Well, he was Chairman, yes; he became Chairman.

Senator ERVIN. Don't you know also that the railroads were subject to regulation by the Interstate Commerce Commission?

Mr. KEESHIN. Surely, and so am I.

Senator ERVIN. So you called the Chairman of the Interstate Commerce Commission and asked him to help you get a contract with the railroads which were subject to regulation by his Commission?

Mr. KEESHIN. I never asked him to help me get a contract, Senator. I merely asked him, if he had an occasion to recommend, I would appreciate it very much.

Senator ERVIN. Well, you testified as a result of your conversation with Mr. Markham, that you were determined to get the contract if it was possible; didn't you?

Mr. KEESHIN. I had no conversation with Mr. Markham. This was Mr. Markham's associate.

Senator ERVIN. As a result of your conversation, or after you had the conversation with Mr. Markham's associate, you were determined to get the contract if you could; didn't you?

Mr. KEESHIN. It wasn't a matter of a determination, it was merely a matter of first going to them and asking them to try to improve their service and that I didn't want that.

Senator ERVIN. And didn't you give testimony to that effect just a moment ago?

Mr. KEESHIN. I said that after they laughed and said that there wasn't a chance for me to get the contract, and after we had made our survey, that once we started in the thing, that we would not back down and I knew I was tampering with some pretty bad crowds who I would encounter some difficulty with.

Senator ERVIN. You were determined to see the thing through to the end; weren't you? In other words, you were determined to do everything in your power to procure the contract.

Mr. KEESHIN. It is like any man in business. You do everything in your power to get a certain business, if you really want it.

Senator ERVIN. If that is so, why do you hesitate to answer the question I put to you? That was, that you were determined to do everything in your power to get the contract.

Mr. MESEROW. I don't think that that is a fair question, to determine to do anything in his power to get the contract. That covers a pretty wide latitude.

The CHAIRMAN. He can answer it.

Senator ERVIN. I think it is a question.

Mr. KEESHIN. I tried to explain to the committee. I would not put it "everything in my power," and it wasn't a matter of life or death to get the contract.

Senator ERVIN. You were determined after you had made your survey, and after you were told by Mr. Markham's associate that

PLAINTIFF'S EXHIBIT 62 (Continued)

you stood no chance, you were determined to try to get the contract; weren't you?

Mr. KEESHIN. I was determined to get it, but not at any cost.

Senator ERVIN. Well, you were determined to get it.

Mr. KEESHIN. I am determined to get any business when I go after it.

Senator ERVIN. And so you called the man who was the Chairman of the Commission, which is empowered by law to regulate railroads, with whom you were seeking to contract, and asked him to speak a good word for you in connection with it?

Mr. KEESHIN. But I didn't call him until the next year. This was in 1954 when I filed my bid, sir, and didn't care whether I got it or not. I submitted it, and when we went all through all of the conferences and meetings with the railroads, bear in mind that these negotiations and all were going on from early August of 1954.

Senator ERVIN. Read him my question again please.

(Thereupon the reporter read back the previous question from his notes as heretofore recorded.)

Senator ERVIN. Now, it is very simple.

Mr. KEESHIN. Yes, I called him.

Senator ERVIN. That is all.

Mr. MESEROW. Mr. Chairman, I would like to have the committee bring out from Mr. Keeshin the fact that there was a real need by the railroads for a new service, and that the old Parmalee transportation service they were dissatisfied with.

The CHAIRMAN. Mr. Keeshin can state that, and I don't want to go into a long detail with that; as far as the chairman is concerned, I will concede it for the record.

Mr. KEESHIN. I don't remember if I did say this, that this request for me to bid came unsolicited, and I want the record to know that Mr. Bonn of the New York Central, and Dave Mackay, traffic manager of the New York Central, came to my office and I never solicited this business at all. I might say that after all of the headaches, and all of the harassments, and all of the threats—it wasn't worth it.

The CHAIRMAN. The Chair had a previous conference with Mr. Keeshin, in which he gave me all of the facts, and of course it is not a matter of record, but I thought he had covered that a while ago.

As I understood, you had stated, Mr. Keeshin, and this is substantially correct, that the railroads were dissatisfied with the service they were getting under the other contractor, who became your actual competitor in the final analysis of this matter.

Mr. KEESHIN. That is right.

The CHAIRMAN. They were dissatisfied with it?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. And your bid offered to greatly improve the service?

Mr. KEESHIN. Yes, sir.

The CHAIRMAN. And because of that, you think there is more merit in your bid than in your competitor's bid?

Mr. KEESHIN. That is right. And I would like to also state here for the record and this is still the United States of America, people have a right to do business with whoever they desire, and bear this in mind, gentlemen.

The CHAIRMAN. That is hardly a matter of argument. The Chair doesn't think you need to go into that, and we all know this is America.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. KEESHIN. What I wanted to bring up Senator, is that here these people were duly notified of the cancellation of their contract.

The CHAIRMAN. There isn't any question about that, that is not at issue here.

Mr. KEESHIN. I appreciate that, but I wanted you to have some of my problems that I encountered in taking this business, that they are still operating in spite of the railroads' removal and asking them to leave the stations, and they are still blocking the paths. We have had city ordinances passed where we had to go in and attempt to get a Federal injunction which was recently granted.

There are things of that sort, that happened in the old pioneer days of Chicago, and can you bear in mind that when we took over, the date of this contract, the city of Chicago had to actually furnish them 275 to 300 policemen to protect the safety of these vehicles operating on the streets?

The CHAIRMAN. Mr. Keeshin, the Chair will assure you that this committee is in no way interested whatsoever in promoting interests of—what is the name of the company—the Parmalee Co. All we are interested in is the question of Government, where Government got involved in this thing, if it did, I am talking about the Federal Government. If the Government got involved, what official of the Federal Government became involved, and what acts he did or permitted with regard to that, that may have been an impropriety or unethical.

That is the only issue that this committee is concerned with.

Mr. KEESHIN. I appreciate this very much, and I appreciated the courtesy you extended when I called on you, but I just want to say, and I realize this has nothing to do with the committee, but when one goes through the pains and the threats and when you have to have police watch you when you are going around in this civilized day, and when you have to go into Federal court in conjunction with the railroads and the unions, and we had to go in and protect the safety of our drivers, you begin to wonder what is all of this about.

Now, I was enjoying life, and I have my own companies, and I don't owe anybody any money, and I got myself into a headache, and believe me, if I knew how to get out and give the railroads back this thing, or give Parmalee back this thing; I would give it to them and kiss them on both cheeks.

This thing isn't worth all of these threats. Here I am under subpena before the Federal grand jury, and here I have to call my wife at home every 2 or 3 hours so she wouldn't think I was shot and laying in the morgue. They have told her that if I didn't back out of this Parmalee deal—and what I tell you gentlemen has been testified under oath before the Federal grand jury.

Look at the character of the man.

Senator JACKSON. What possible connection has that with this case?

Mr. MESEROW. The only connection, I think, Senator, is this: That the anxiety that you might think he might have for this contract is, the lack of anxiety is displayed.

Senator JACKSON. Is there an implication—will you wait until I finish—is there the implication that this committee is responsible or brought about these threats, and is that the implication?

Mr. KEESHIN. No. I would like to say, Senator, that I would like this committee to really investigation this whole picture, if you could.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. The committee does not have jurisdiction of the whole picture, and there are some aspects that this committee has jurisdiction of, and in that respect it has a duty to perform, and that is all that it is trying to do.

Mr. KEESHIN. Yes, sir.

Mr. KENNEDY. Mr. Keeshin, did you ask Mr. Cross to do anything for you other than to put in a word for you with these railroads?

Mr. KEESHIN. That is all.

Mr. KENNEDY. You never asked him to do anything else?

Mr. KEESHIN. No, sir.

Mr. KENNEDY. You never asked him to get any information for you?

Mr. KEESHIN. No, sir.

Mr. KENNEDY. Never asked him to find out how the contract was proceeding?

Mr. KEESHIN. No, sir.

Mr. KENNEDY. When was the last time that you talked to Mr. Cross?

Mr. KEESHIN. September 12, when he was in Chicago, attending the testimonial.

Mr. KENNEDY. Did you talk to him on the phone since that time?

Mr. KEESHIN. No, sir; I have not.

Mr. KENNEDY. Why haven't you talked to him?

Mr. KEESHIN. I wanted to but I didn't want to embarrass him, realizing that the man with all of this harassment of what the Parmalee people are saying and doing, out of courtesy to him, and knowing the situation, in fact I would like to have called him and told him I was in town this morning and sat down and have had breakfast with him, but I purposely stayed away so that nobody could say, "Well, we got into some collusion to talk things over."

Mr. KENNEDY. Have you had any contacts since September 12, directly or indirectly with Mr. Cross?

Mr. KEESHIN. No, sir; I haven't talked with him or any one of his family or anything.

Mr. KENNEDY. Did you have contacts through counsel or otherwise with Mr. Cross since that time?

Mr. KEESHIN. This is the first time I decided.

Mr. KENNEDY. The answer is "No," that is all I want.

Mr. KEESHIN. That is right.

Mr. MESEROW. Mr. Chairman, would you, for the sake of the record and your own facts, ask Mr. Keeshin if he asked his bank and other business enterprises or business associates that if any inquiry is made about Mr. Keeshin, his reputation or ability to carry out this contract——

The CHAIRMAN. I will ask him, and I assume the answer is "Yes," and I know I would if I was trying to get a contract, and I would ask any banker or anybody like that to help me. The only question here is whether I would ask the Chairman of the Interstate Commerce Commission, and you did ask other banks and other friends to help you get the contract?

Mr. KEESHIN. I went to some of the top industrial traffic firms of the country which I have dealt with for 25 or 30 years, some of the biggest shippers the railroads had.

The CHAIRMAN. I would not think that there was any impropriety in that whatsoever.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. MESEROW. Would you ask him whether the request to Hugh Cross was made as a friend of long standing or the Chairman of the Interstate Commerce Commission?

The CHAIRMAN. He can make any statement about that, but the real thing at issue would be how did the fellow take it, from the railroad company, whether it was friendship, or whether it was from his position, and you can understand that.

Do you want to say as your counsel suggests, that the only reason you asked Mr. Cross to speak a good word for you if the occasion arose was because of his friendship with you?

Mr. KEESHIN. We have been friends for a number of years, and you don't break off friendship just because one attains a position in Government.

Senator ERVIN. And the thought never entered your mind at any time that Mr. Cross's recommendation might be of greater weight by reason of the fact that he occupied the position of Chairman of the Interstate Commerce Commission?

Mr. KEESHIN. No, sir.

Mr. KENNEDY. Mr. Keeshin, during all of this period of time that you have been such close friends with Mr. Cross, up until the two times that you mentioned in 1955 did you ever visit his home or did he ever visit your home?

Mr. KEESHIN. He never visited my home, outside of attending in the old days when I operated a football club—I owned the Chicago football team.

Mr. KENNEDY. Could you answer the question?

Mr. KEESHIN. No, sir.

Mr. KENNEDY. This was during this period of time that you were such close friends?

Mr. KEESHIN. I don't get that question, the way you put it to me, "such close friends." We have been close friends since 1939 or 1938.

Mr. MESEROW. He testified to that.

Mr. KENNEDY. Up to the period of 1955, since the time of the original acquaintance, when you first became acquainted, did you ever visit his home or did he ever visit your home?

Mr. KEESHIN. Just the times I stated in the record.

Mr. KENNEDY. That is all since this contract has come into being?

Mr. KEESHIN. Prior to the contract, if you please, in 1954 when he visited my home, when we were looking over the West Town bus system, and when we got through in that area——

Mr. KENNEDY. Except for that one time in 1954, did he ever visit your home or did you ever visit his home?

Mr. KEESHIN. I have never visited his home.

Mr. MESEROW. Will Mr. Kennedy ask him if they were friendly during the time he was Lieutenant Governor?

The CHAIRMAN. What is the question?

Mr. MESEROW: Will Mr. Kennedy ask Mr. Keeshin if they were friendly during the time he was Lieutenant Governor of Illinois, and prior to that time?

The CHAIRMAN. He has said prior to that.

Mr. MESEROW. Without visiting his home.

Mr. KEESHIN. I might say that I helped carry the campaign when he was running, to help him get elected Lieutenant Governor, and I have been active in politics in Illinois.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. I think we have covered it.

Are there any other questions? If not, thank you very much, Mr. Keeshin.

(Thereupon, a short recess was taken.)

AFTER RECESS

The CHAIRMAN. Mr. Cross, will you be sworn please, sir?

Do you solemnly swear that the evidence you shall give before this Senate investigating subcommittee shall be the truth, the whole truth, and nothing but the truth so help you God?

Mr. CROSS. I do.

(At this point, Senators McClellan, Jackson, and Ervin were present in the hearing room.)

TESTIMONY OF HUGH W. CROSS

The CHAIRMAN. Please state your name, your occupation, and your residence, and what position you now hold with the Federal Government?

Mr. CROSS. My name is Hugh W. Cross. I am a lawyer. I now am a member of the Interstate Commerce Commission.

The CHAIRMAN. How long have you been a member of the Commission, Mr. Cross?

Mr. CROSS. I was appointed to the Commission by President Truman, and qualified on April 11, 1949. I was reappointed by President Truman, for a full term beginning January 1, 1951.

During my tenure on the Commission, I have served in different roles; prior to July 1, 1955, I was Chairman of the Motor Carrier Division, which then was Division 5, and also the Finance Division, which was was Division 4. The Commission rotates its Chairmanship by reason of seniority, and I became Chairman of the Commission on July 1, 1955.

The CHAIRMAN. Mr. Cross, any witness appearing before the committee is entitled to have counsel present if he desires, with respect to any of his legal rights, and of course, being a lawyer——

Mr. CROSS. As I understand, this is in executive session, and I am here to answer any and every question I know how, and I see no reason to ask for counsel.

Mr. CROSS. I am.

The CHAIRMAN. Mr. Cross, you have had conferences with members of the staff and also with the chairman of the committee regarding certain matters pertaining to your official work, and I assume that you are familiar with the nature of this inquiry.

THE CHAIRMAN. Then you are ready to proceed?

Mr. CROSS. In a general way. I have never seen the charge made, and I have been informed in a general way as to what the inquiry is.

The CHAIRMAN. Well, of course you can appreciate too, as a lawyer, that charges are not necessarily made in a formal way before a committee of this character or of this nature.

Information comes to the committee that alerts it to action, in pursuance of its duties, and they are not necessarily things such as a formal charge of indictment or a bill of particulars, but the general subject of this inquiry relates to a particular thing.

(At this point, Senator McCarthy entered the hearing room.)

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. A certain transaction involving a contract with the railroads for transportation service in the city of Chicago in which Mr. Keeshin was the successful bidder and secured the contract. You have that general information about it?

Mr. CROSS. Yes, I do.

The CHAIRMAN. Now, Mr. Cross, this is another courtesy that the Chair always extends to anyone under investigation who is an official of the Government, and that is to give them the opportunity to make any general statement of specific statement that you may desire to make in the beginning.

Mr. CROSS. I have been in public service for 22½ years. I served 8 years in the Legislature in Illinois, and in my last term I was speaker of that body, and I served 8 years as elected lieutenant governor prior to coming to Washington as I have related.

During the war I served as executive head of the Illinois War Council.

During the time that I have been in public life in Illinois, and here, I think that I have gotten to know most of the men in transportation, whether that be in the rail field, or whether it be in the motor-carrier field. You cannot do our kind of a job and live in a vacuum or in an ivory tower.

The Interstate Commerce Commission decides over 3,800 formal cases a year and resolves many thousands of matters informally.

Now, that does not mean that every formal case is an adversary proceeding. Far from it. Many of those are noncontroversial, and administerial, and so it becomes necessary for us in the discharge of our duties and under the mandate of the Interstate Commerce Act as well to know the problems of transportation, and to be able to administer those problems, and to periodically makes recommendation to the Congress as to improvements in service.

Therefore, my acquaintanceship is both broad, and I think that I have discussed with motor-carrier people nearly every problem that confronts them just as I have discussed with men in the rail industry matters that concerned them.

When this matter came up, it came as a terrific shock, and it was a body blow to me because in all of the years that I had been in public service there had never been one finger ever pointed at me, and there had never been any whisper against my conduct.

I want to say to you gentlemen, also, at the outset, that this service that is being investigated here is a service not subject to regulation by the Interstate Commerce Commission.

I have here copies of the Commission decision which held that this operation, which was then the Parmalee Co., was not subject to Commission regulation because this carrier was not a carrier as defined in part 2 of the Interstate Commerce Act, which is the Motor Carrier Act itself.

This decision was by a division of the Commission, and I did not participate in that decision.

The CHAIRMAN. Mr. Cross, you may file a copy of that with the committee, just for our records, if you desire.

Mr. CROSS. I have copies of it, yes, sir.

The CHAIRMAN. You may proceed.

Mr. CROSS. I know in a general way that the charges are that I have influenced individuals in this regard. But let me say this, to

PLAINTIFF'S EXHIBIT 62 (Continued)

pick out one small facet of the whole picture of transportation and try to blow that up to magnified proportions, is completely out of tune with our duties.

I have discussed with railroad people every phase of their problem, the question of freight rates. I have participated in panel discussions, and I have discussed with them better passenger service, and new trains, and new types of cars, and lower streamlined equipment and better service in their passenger stations, and better accommodations in making reservations in the purchase of tickets, and using of electronic devices. I have discussed the question of this passenger deficit which last year was most staggering. The railroads of the country, class I railroads of the country, lost $640 million in passenger operations.

The CHAIRMAN. Mr. Cross, does that apply to this particular service in Chicago?

Mr. CROSS. Applying that to Chicago, the railroads that serve Chicago probably have to bear a disproportionately large amount of it, Senator, because of the fact that they have no union station, and that passengers that come in there have to be physically transferred from station to station, and as a result of that, it tends to detract from the attractiveness of the passenger trip and tends to divert business to other forms of transportation.

I think the problem in Chicago is probably more acute so far as the deficit is concerned than any other spot in the country.

The CHAIRMAN. I was trying to clarify the record. I did not understand that there is a $640 million deficit. You were relating that to all of the railroads of the country?

Mr. CROSS. When you want to apply it to particular railroads, I do know as a matter of fact that some railroads suffer passenger deficits as high as $50 million a year. Some of those railroads are railroads that serve Chicago.

The CHAIRMAN. I am trying to clarify the record.

Mr. CROSS. Any improvement in their service is a matter that our Commission is vitally concerned in. So this question of the transfer service in years gone by has been a bugaboo that the railroads, I guess, have worried a good deal about. It isn't unknown to anyone, because I don't think anyone who has traveled through Chicago and has had to transfer from station to station is unfamiliar with it, and is happy with the kind of service which at the best is not too good.

Now as to my connections with Mr. Keeshin, I have known him a long while. He has been a personal friend. Our families have been friends. We visited back and forth. My wife is a friend of Mrs. Keeshin. We have visited, and we have had telephone conversations, and we have been in the spirit of friendliness, and my wife particularly has taken an interest in Mrs. Keeshin in the last 2 years bacause of her precarious condition of health.

Whether you would like for me to go into these questions, Senator, specifically and give my version of it, and then subject myself to cross-examination, or whether you would rather question me now on it, I would leave that to you.

The CHAIRMAN. We are trying to leave it to you to make any statement that you wanted to make before anyone asks a question. I only interrupted you a time or two for clarification. You may proceed if you will and just tell us the facts about it so far as you know.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. I have talked with Mr. Keeshin on the phone personally, and I have been with him, and I know him intimately. I have known him before this matter ever arose. We have had matters in common in the past. So far as this matter is concerned I think it came to my attention late in the winter or early spring. He told me about his proposal, and the matter had been put up for competitive bidding in Chicago, because the railroads were not satisfied with the service that had been rendered, and he was a bidder, and there were other bidders.

I heard about it from other sources besides Mr. Keeshin, because it was not a matter that wasn't generally known. I talked with him on the phone, and probably there were a good many conversations on the phone, and some of them I had, and some of them my wife had, and some of them we joined in mutually. The fact that I know Mr. Keeshin, and the fact that he happens to be a friend, I shall never deny, because I think that I have a right to do that.

Now, as to exercising any influence, I want to say this:

I recall talking to three people. I recall talking to Mr. Paul Feucht of the Northwestern Railroad. I discussed with him their problem. And I might say, when I questioned myself as to the reason for it, I say now that I was indiscreet, and I should not have done it, but their problem was somewhat unique.

In Chicago, the Northwestern station is isolated, and no other railroad goes in there, and it is well known in financial circles, and before the Commission that the problems of the Northwestern Railroad are probably more difficult than any class I railroad in the country.

They have a difficult problem of transfer of passengers because a passenger that goes into that station has to be transferred, whereas some of the other stations, 3 or 4 railroads serve, and many times the passengers can simply transfer from one train to another at the same station.

Their tax problems are great. Their commuter losses are excessive, and their average hauls are shorter than most railroads. We are charged with watching the welfare of the carriers and the Northwestern has been one of the railroads that has not been able to share the general advantages that others have had. They have had their problems, and some of those problems are before us officially.

I talked with Mr. Feucht about the situation, and I suggested to him that I thought that he should carefully weigh and investigate the different bids that had been submitted. And that it should go to the carrier that could give them the best service. I recall him telling me that he had doubts about the financial ability of Mr. Keeshin, and I said it looked like a lot of money to me, but it was my understanding that Mr. Keeshin had ample financial backing from one of the two largest banks in Chicago, and I don't recall whether it was the Continental & Commercial National or the First National. But those matters could be easily ascertained.

I did not ask Mr. Feucht to do anything as a personal favor to me or as a personal favor to Mr. Keeshin. I simply suggested to him that they should weight it from the standpoint of what would do their railroad the most good.

I think that conversation took place in May. Dates are hard to remember.

PLAINTIFF'S EXHIBIT 62 (Continued)

I talked with Mr. Howard Simpson of the Baltimore & Ohio. I knew Mr. Simpson well, and I inquired of him at one time as to the status of these bids and I think that I asked him how many bids were in, and the status of them, and what progress was being made, and he said that he would investigate and advise me which he did.

I talked to him on one occasion in his office. The occasion for that was that I was in Baltimore to go to a tailor. I go to a tailor over there named Schwartz. This suit I have on I bought there, and that was the occasion of my being there. I stopped briefly in his office and I was there perhaps 20 minutes. He showed me around and he showed me the old paneling and the beautiful woodwork in that old building. When we discussed several problems, and I think that was mentioned.

Whether it was ever mentioned again or not, I do not know, although I will say that the Baltimore & Ohio have had refinancing before the Commission. That was probably the biggest refinancing that any railroad has ever undertaken. It was not an adversary proceeding and it was entirely administerial. They had to comply with the requirements of the financial underwriters and they had to comply with the Interstate Commerce Act. Those negotiations dragged along for a long while. They finally terminated early in December. That refinancing of the Baltimore & Ohio gave that railroad a completely different picture. About 3 years ago the RFC still owned the bonds that they had taken back in the depression days, and they could not get anyone to buy them up, and as I recall it, the bid was rejected, and then they were put up together.

Finally a plan was worked out, and the Baltimore & Ohio today is on a solid financial basis, and it has one major mortgage with different serial notes and bonds under that, maturing at different times. The bonds will largely be amortized so that within the space of about 2 years, or 2½ years, the financial picture of the Baltimore & Ohio has improved to such a degree that their securities are now prime securities. I have talked with Mr. Simpson about those matters many times.

I don't recall anything ever being mentioned to him except in the most casual way.

I have also talked with Mr. Wayne Johnston of the Illinois Central. I met him casually but frequently. When the Association of American Railroads meets in Washington, he generally comes down here and frequently is in my office. I have seen him other places, and I have seen him in social affairs. We both went to the same college, and he is a trustee of the University of Illinois, where I attended. I have been interested in his work as a trustee, which is an elected office in Illinois.

I have discussed with him whether he is going to run again for that office, and that comes up this next year. I have discussed with him the new building that they put up and I have discussed many things with Wayne Johnston, and I am sure that I have referred on probably more than one occasion to this Keeshin thing, but never did I put any pressure upon Wayne Johnston, and it was in the most casual way that these matters came up.

I do not recall any other person that I talked to about this matter.

Now, in Chicago, involved in this situation, there are 21 major railroads. There are six passenger depots.

(Senator McClellan left the hearing room.)

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. To me it is inconceivable that the conversations that I had could have resulted in any pressure or undue influence upon the carriers, or that they would have in the slightest degree have felt that I was trying to pressure them or to in any way influence them in a decision. There are other aspects of this matter that I would like to refer to.

Reverting back to my acquaintanceship with Mr. Keeshin, Mr. Keeshin has been before our Commission several times, directly and indirectly.

The first case was in the case of the Pacific Inter-Mountain Express Co., a large motor regular route common carrier with rights to the Pacific coast, to Chicago, and St. Louis, and a very successful motor carrier operator proposed in 1950 to buy the bankrupt Keeshin lines, which was before our Commission and which was in the Federal courts in Chicago.

Mr. Keeshin himself was out of it, but he was a creditor.

(Senators McClellan and Jackson returned to the hearing room.)

Mr. CROSS. The Commission in that proceeding turned down the application of the Pacific Inter-Mountain Express to buy control, on the grounds that the proof had not been established under the Interstate Commerce Act, and that such control without proof of public convenience and necessity was demonstrated to be detrimental to other competing carriers and would be injurious if the matter were approved by the Commission. I voted then to deny the acquisition.

The matter came up again before the entire Commission on a petition for reconsideration, and that petition for reconsideration, it was represented there that the creditors of the Keeshin Co. would lose heavily if the Commission did not approve the application by Pacific Inter-Mountain Express to purchase, and the Pacific Inter-Mountain Express Co. proposed to pay the creditors out, dollar for dollar. I voted against that proceeding, and Mr. Keeshin of course being a creditor.

I have a copy of both of those reports, and the first report was unanimous, and the second report, there were two dissents by other Commissioners, but I voted with the majority which was adverse to Mr. Keeshin.

The matter went along until 1954. The Keeshin Co. in bankruptcy was losing money all of the time. Finally, there was a plan submitted to the Commission for new money to be injected into the company, and for a reorganization. That was before the Commission, and the Commission again turned down the application on the grounds that the finances as proposed were inadequate, and further that the Fruehauf Trailer Co., which was connected with Denver & Chicago Transportation Co. and the Cleveland Navigation Co., were improper parties under the act.

Finally, on June 7, 1954, all of the objections of the Commission having been met, the matter was approved, but as I say this matter proceeded for more than 4 years. Mr. Keeshin was interested as a creditor and the records in these proceedings showed that he also was seeking to get the name of his company back, so that he could use it and take it out of the bad repute of bankruptcy.

Mr. Keeshin has been before the Commission a time or two on minor matters.

PLAINTIFF'S EXHIBIT 62 (Continued)

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When I was chairman of division 5 last spring, he sought a temporary authority, I think, for 120 days, and I believe he got it for 45 days. That was for one of his companies. He sought permanent authority and that was turned down by the examiner in his report and to my knowledge no appeal has been taken from that, so that amounts to denial.

So as to my personal relations with Mr. Keeshin, as a Commissioner, I never voted for him, and I have never given him a favorable vote, and it cannot be said that the Interstate Commerce Commission has ever given him a favorable vote since I have been on that Commission.

Another thing that I want to emphasize is this so-called idea of pressure. The Commission most scrupulously refrains from exerting any pressure upon our staff, upon our examiners who hear cases. One of the things that has been said countless times about the Interstate Commerce Commission is the freedom that prevails there. We do not put pressure on our staff, and Commissioners do not discuss cases between themselves except in the open conference room. Certainly I would be completely out of my role, and I would be betraying my duty if I were to try to exert any type of pressure upon outsiders. Those people who refrain from exerting pressure on us whenever there is any matter that could even smack of being an adversary proceeding or where any personal interest is involved, I am sure that men of the caliber of the three that I have talked with would be the first to rebuke me if I had ever done anything out of line.

I have received in effect what I consider to be threats from the attorney representing the Parmalee Co. I can go into that if you want it and I related it to you, Senator McClellan, but the outcome of that conversation with Mr. Lee Freeman, the attorney for Parmalee to me was nothing except an outright threat against me personally. It came up when about the last of July or the first of August, when he was trying to see me, Congress was about to adjourn, and we were being asked to appear here and there on bills. We were doing extra time work to accommodate the Congress, in view of their adjournment, and I could not see him. But he called me on the telephone and he said that he wanted to talk about the Parmalee situation. He said that they had lost a contract to another company, headed by Mr. Keeshin, but that Mr. Keeshin would never be able to operate that company. He said that they had gone to the city council of Chicago, and mind you, they had been operating for 100 years without any authority, but they had gone to the city of Chicago and got an ordinance through that gave them the exclusive right to use the city streets of Chicago in this transfer business of passengers, and baggage from station to station.

He said that Keeshin could never operate, and never would operate, and the only way he could do it would be to come to the Interstate Commerce Commission and get emergency temporary authority and also permanent authority. I suppose he was trying to embarrass me because by that time I was Chairman of the Commission.

I asked him if Mr. Keeshin had made any applications for any authority, and he said "no." Well, I said, "Mr. Freeman, you have been around, and you ought to know that we are glad to discuss with you or anyone else controversial matters, and those things that have to do with pleading, but we will not discuss the merits of cases. Now, what case is before us?"

PLAINTIFF'S EXHIBIT 62 (Continued)

And he said, "There isn't any case before you yet."

Well I said, "What is there to discuss?"

He said, "I am just serving notice on you, and I am warning you, because you are going to hear about this for a long, long time."

That was the first intimation that I had that this thing had developed into that kind of a situation.

I think that just about relates the facts as I know them, Senator McClellan.

The CHAIRMAN. All right, Mr. Cross. Thank you very much for your statement.

As I told you in the beginning, when any Government officials are involved, we always accord them the courtesy of making any statement they may choose to make before they are questioned.

I am going to ask you a few questions, and then defer to others. There are some 3 or 4 points that I wanted to get as specific as we can.

In your talk with Mr. Paul Feucht, with the Northwestern Railroad, was that a personal conversation or was it a telephone conversation?

Mr. CROSS. That was a telephone conversation.

The CHAIRMAN. Is that the telephone conversation in which you asked him to check on the status of this bid and contract?

Mr. CROSS. Yes.

The CHAIRMAN. You asked him to check on it?

Mr. CROSS. Yes.

The CHAIRMAN. What else did you tell him in that conversation?

Mr. CROSS. Well, I think so far as I can tell, I have just about related all I can recall.

The CHAIRMAN. Well, may I ask you, at that time, when you asked him to check on it, were you familiar with the different proposals, the one as between Parmalee and the one between Parmalee and Mr. Keeshin? Did you know anything about the details of the proposal, and the price, and the provisions, and the terms that they were proposing that if they got the contract?

Mr. CROSS. I did not have any knowledge as to the specific terms of the bids.

The CHAIRMAN. Did you have any knowledge as to the contracts so that you could discuss it from the standpoint, or the proposals of Parmalee and the proposal of Keeshin, so that you could discuss it from the relative merits of the two contracts?

Mr. CROSS. No, I did not know what the other bid or bids were. I think I mentioned that there were 3 bids in there, and I did not know what the other 2 were.

The CHAIRMAN. Did you know what the Keeshin bid was, and what was in his proposal?

Mr. CROSS. I knew the kind of service that he was offering.

The CHAIRMAN. What do you mean by that, "the kind of service." It was all to be the same service?

Mr. CROSS. I knew he was offering new equipment, air-conditioned equipment, and all new equipment, and a new method of handling baggage because that was one of the difficulties that passengers most complained of, and I had heard that many times, that passengers who had baggage which had to be checked were not transferred to the train. But as to the details of how he was going to do that, I didn't know that. But I did know that he proposed new equipment, and he proposed expedited service, and by comparison with what the

PLAINTIFF'S EXHIBIT 62 (Continued)

Parmalee service had been, it was such an innovation that there was just no comparison.

The CHAIRMAN. Did you know anything about a provision regarding wage increase, and an increase of cost of transporting baggage of passengers on the basis of any wage increase that Mr. Keeshin might give to his people?

Mr. CROSS. I think that Keeshin told me that in his bid he had contemplated wage increases, and was making a definite firm bid.

The CHAIRMAN. Did you know the details of that proposal?

Mr. CROSS. Not in detail. If I knew the facts of it, I have no recollection of it now.

The CHAIRMAN. Did you discuss that aspect of Mr. Keeshin's bid with Mr. Feucht?

Mr. CROSS. Well, I probably mentioned to him that the Keeshin bid was a firm bid which would cover any contingency that might arise.

The CHAIRMAN. Did you know at that time anything about the Parmalee interest's bid, as to what rate it had proposed in its proposal?

Mr. CROSS. No, I did not.

The CHAIRMAN. Did you know that it had revised its proposal downward?

Mr. CROSS. No, I did not.

The CHAIRMAN. You did not discuss that with Mr. Feucht?

Mr. CROSS. No.

The CHAIRMAN. Did you know the number of station wagons that Mr. Keeshin proposed?

Mr. CROSS. I know that Keeshin proposed in addition to station wagons, and air conditioning, to have radio controls.

The CHAIRMAN. Did you know the number of station wagons proposed?

Mr. CROSS. I am not sure that I did. I cannot say that I did or did not. I don't know enough about it. I have no recollection of that part of it. I think that Keeshin said that by using radio controls, he would not have to have as many units as had been used formerly.

The CHAIRMAN. Do you know anything about the air conditioning or heating condition of the equipment that Mr. Keeshin proposed?

Mr. CROSS. I know that he proposed to use air conditioning and heating equipment.

The CHAIRMAN. Did you discuss that with Mr. Feucht?

Mr. CROSS. It is quite possible that I did.

The CHAIRMAN. We will resume this matter.

Mr. Cross, in discussing this matter with Mr. Feucht, what was your purpose? What was your purpose in discussing this particular contract with him?

Mr. CROSS. Well, I have searched my mind on that, and I think my motive was with knowledge of the difficulties that the railroad was encountering, and their isolated position in Chicago, and the high taxes that they were having to pay, and their passenger commuter deficits, and the fact that every passenger that used the Northwestern had to be transferred to another station.

The CHAIRMAN. Well, of course that is a condition that obtained. What was your personal interest or official interest in calling him to discuss this particular contract with him since the Interstate Commerce Commission, according to the findings of the Interstate Com-

PLAINTIFF'S EXHIBIT 62 (Continued)

merce Commission, had ruled that it had no jurisdiction over this operation?

Mr. CROSS. I think that I was indiscreet about it, and I think it was a mistake, and it is just one of those things that when you think a railroad or any other carrier ought to give attention to a matter that is foreign to our jurisdiction, you might pass the world along.

The CHAIRMAN. Well, may I inquire whether you made any statement of a personal interest in the matter, to Mr. Feucht?

Mr. CROSS. I did not make any statement of a personal interest in the matter to Mr. Feucht.

The CHAIRMAN. Did you use in your conversation with him, this language in substance, that you were very much interested in seeing that Mr. J. L. Keeshin got the new contract with the railroads there in Chicago to handle baggage and people between the various stations. Did you make that statement?

Mr. CROSS. I don't think that I used that language literally. I think that I said that I believed that they should weigh the Keeshin bid and consider it from the standpoint of the carrier itself. I disclaim any use of language, and I could be wrong, but I certainly never had any intention to exert what would be considered pressure upon that gentleman.

The CHAIRMAN. Let us reverse your position. Had you been in Mr. Feucht's place, and had received a long-distance telephone call from the Chairman of the Interstate Commerce Commission in which the Chairman said to you that he was very much interested in seeing that a certain person got a certain contract, would you, assuming that language was used, have felt that that was pressure or the use of the official position of the person talking to you to imply an interest that was of some concern?

Mr. CROSS. I think that if that language were used—and I don't put those words back into my own mouth—I think if that language were used it would be very indiscreet.

Let me say, gentlemen, in public life, we sometimes do things or say things that we would regret afterward.

The CHAIRMAN. Do you contend or maintain that a call of this nature regarding a contract and an operation over which your Commission had no jurisdiction was in line with any official duty of yours?

Mr. CROSS. Well, I think it was indiscreet.

The CHAIRMAN. Then, if after having made the statement that I have quoted in substance as an initial premise for what followed, that one did follow with statements and arguments with respect to the comparative merits of the contracts, or of the bidders' proposals, would that further indicate to you that there was a personal rather than an official interest in it?

Mr. CROSS. So far as I am concerned, there was no personal interest in it.

The CHAIRMAN. Did you know at that time that the Keeshin proposal was backed up by a certificate from a bank as to the large amount of credit rating he had?

Mr. CROSS. No, I don't know about any certificate from a bank as to his credit rating, and in fact I don't know what his credit rating is.

The CHAIRMAN. You did not know at that time that he had a letter from a bank or assurances from a bank that he could get the credit to buy the equipment?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. I know that he told me that he had ample banking.

The CHAIRMAN. Did you know what bank?

Mr. CROSS. Well, it was 1 of the 2 banks in Chicago; either the First National or the Continental Commerce Bank, and I can't recall which.

The CHAIRMAN. Did you discuss that with Mr. Feucht?

Mr. CROSS. Yes, I mentioned that fact to him, and I mentioned the fact that if there was any question as to Mr. Keeshin's financial stability that it could easily be ascertained, but I didn't have knowledge of what his credit rating was.

The CHAIRMAN. Did you have any conversation with Mr. Feucht with reference to the advantages of having local representation there in Chicago by contracting with Mr. Keeshin, rather than with Parmalee which in effect was absentee representation?

Mr. CROSS. Well, it could have been mentioned.

The CHAIRMAN. Then let us go back a little further now, before this conversation. Prior to this conversation which was had, do you remember what date it was?

Mr. CROSS. I think it was in May.

The CHAIRMAN. It was sometime in May? Prior to that had you discussed in some detail this matter with Mr. Keeshin from time to time or at different times?

Mr. CROSS. Yes; he told me about what his plans were.

The CHAIRMAN. In those conversations did he at any time ask your assistance, or help in any way, in connection with securing this contract?

Mr. CROSS. I think that he inferentially at least, did.

The CHAIRMAN. In what manner, Mr. Cross.

Mr. CROSS. I think that he didn't ask me to go out and talk to people, if you mean that.

The CHAIRMAN. What did he ask you to do?

Mr. CROSS. I think he said to me if I could put in a good word for him, he would appreciate it.

The CHAIRMAN. Did you agree to put a good word in for him?

Mr. CROSS. I don't think that I agreed to that.

The CHAIRMAN. Did you regard these three conversations that you have referred to with Mr. Feucht and Mr. Simpson as presidents of railroads involved, and possibly with Mr. Wayne Johnston—did you regard those conversations and this one in particular that I have been questioning you about as complying with his request to put in a good word for him?

Mr. CROSS. I think so far as the Northwestern was concerned, noting their financial plight, that I was more concerned in trying to help them out than anything else, because they are in difficulties, as you know.

The CHAIRMAN. Had they asked any assistance from you or to put in a good word for them in any way?

Mr. CROSS. No; but you can't be charged with administration of an act and not be interested in knowing that the carriers are able to carry on and make earnings.

The CHAIRMAN. May I ask you another question. Whom did you talk to first, was it Mr. Simpson, or Mr. Feucht, regarding the matter?

Mr. CROSS. I think that I made my first inquiry of Mr. Simpson.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. Which was it that you met in Baltimore, was it Mr. Feucht or Mr. Simpson?

Mr. CROSS. Mr. Simpson.

The CHAIRMAN. You asked Mr. Simpson, as I recall, to check into the matter and find out the status of it, and advise you?

Mr. CROSS. That is right.

The CHAIRMAN. And after that did he report to you on it?

Mr. CROSS. He did.

The CHAIRMAN. Was it following that report, the initial report that he gave you, that you asked him to meet you in Baltimore so that you could talk to him in person?

Mr. CROSS. No; I think that you have it in reverse.

The CHAIRMAN. You first talked to him in Baltimore about it?

Mr. CROSS. Yes.

The CHAIRMAN. You then telephoned him about it; was that correct?

Mr. CROSS. That is my recollection.

The CHAIRMAN. That is your recollection of it?

Mr. CROSS. Yes, sir.

The CHAIRMAN. All right. Back prior to the initiation of this transaction, had you had any discussions with Mr. Keeshin regarding the employment with him in the event that you should leave, or becoming associated with him in the event that you should decide to leave the Government and leave your position on the Interstate Commerce Commission?

Mr. CROSS. At one time a year or two ago, I talked with Mr. Keeshin about the purchase of an intrastate business line that was not under our regulations. Some feelers were put out on the underwriting of it, and that fell through. There never was any definite commitment that I would go with him, and no consideration as to pay, and what capacity I would have, but it was in the formative stage. That is the only time that I have ever talked with Mr. Keeshin about being employed by him. According to my recollection, that was more than 2 years ago.

The CHAIRMAN. That transaction fell through, and it was never consummated, the purchase of the intrastate business system?

Mr. CROSS. That is right.

The CHAIRMAN. At that time, when that fell through——

Mr. CROSS. That was a going concern, and it was not healthy but it looked like it might be revitalized.

The CHAIRMAN. At that time, when that fell through, in conversation immediately afterwards or in some of the other conversations you may have had with Mr. Keeshin, had the offer been renewed that at any time you wanted to get out of Government and go into business that he wanted to have you with his firm?

Mr. CROSS. No; the offer was not renewed.

The CHAIRMAN. Was there any understanding or any conversation between you and Mr. Keeshin beyond that one company that he was trying to purchase?

Mr. CROSS. That was the only one.

The CHAIRMAN. And there was no further conversation afterwards about the possibility of your going with him at any time?

Mr. CROSS. That is right, that is absolutely right.

PLAINTIFF'S EXHIBIT 62 (Continued)

The CHAIRMAN. And positively none with respect to the transfer service contract in Chicago?

Mr. CROSS. There was no mention ever made of that.

The CHAIRMAN. Was there any implied understanding between you when he asked you to speak a good word for him that you were to do that?

Mr. CROSS. There was not in any way. As I have told you, I voted against him on anything and everything that ever came up before our Commission.

The CHAIRMAN. Yes; and I may say this to you, that you are a lawyer, and I know a much better one than I would ever be. I practiced law just a little, and when you have these facts before you or information before you as completely as we have it, it is our duty, and I know you appreciate that, to interrogate you with respect to it so that you may have the opportunity and so far as I'm concerned I am trying to acquaint you with everything that is before the committee.

You may have the opportunity to deny or to explain or make whatever statement you like. That is the only purpose in what I am pursuing here.

Mr. CROSS. There never was any promise of reward, and I have never had any interest in any enterprise of Mr. Keeshin, directly or indirectly, and there never was anything between us. As to going with him or as to this operation in Chicago, there never was anything.

The CHAIRMAN. May I ask you this: You have referred to three conversations that you have had with railroad presidents. In those the Keeshin matter was mentioned. Two of them were with Mr. Feucht and Mr. Simpson, and that was more in detail, and more specific than the casual conversation that you had with President Johnston, of the Illinois Central. May I ask you this question: After these conversations did you acquaint any other member of the Commission with the fact that you had approached them and discussed the Keeshin contract or proposed contract and let them know of any interest you may have had or any activity that you pursued in connection therewith?

Mr. CROSS. Any member of the Interstate Commerce Commission, you mean?

The CHAIRMAN. Yes.

Mr. CROSS. No; I did not.

The CHAIRMAN. First I may ask you, you had many telephone conversations with Mr. Keeshin, I believe, and either he calling you or you calling him; is that correct?

Mr. CROSS. That is correct.

The CHAIRMAN. Do you remember the date that this contract was consummated that was announced by the railroad, that they had given it to Mr. Keeshin?

Mr. CROSS. No; I do not. I think it was the latter part of June that I saw it. I saw it first in one of the trade publications.

The CHAIRMAN. Was that your first knowledge of it?

Mr. CROSS. Of the consummation; yes.

The CHAIRMAN. You say it in a trade publication?

Mr. CROSS. Yes, sir.

The CHAIRMAN. Do you know how long afterward, after the date it was announced? Would that be a daily trade publication, or a weekly one, or do you recall?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. Well, it was, I saw it in Transport Topics, which is published under the auspices of the American Trucking Associations, and I think that I saw it in Traffic World.

The CHAIRMAN. Do you recall whether you telephoned Mr. Keeshin on the day the contract was awarded or if he telephoned you on that day?

Mr. CROSS. I have no recollection of that.

The CHAIRMAN. Was there anything significant that happened afterward with respect to it, in further conversations between you and Mr. Keeshin, regarding his having received the contract?

Mr. CROSS. I can think of nothing significant.

The CHAIRMAN. Was there any occasion in which he expressed his appreciation to you for the assistance you had given him?

Mr. CROSS. Not to my knowledge.

The CHAIRMAN. Didn't he telephone you when the last contract was let and express his appreciation to you for the help you had given him?

Mr. CROSS. I have no recollection of anything of that kind.

The CHAIRMAN. May I inquire about one other thing that you have testified to?

First, before I do that, did you have knowledge, Mr. Cross, that the report was abroad in Chicago, in that area, that if Mr. Keeshin's company got the contract, that you would probably leave your post here in Washington and become associated with Mr. Keeshin? Did you have any information about that?

Mr. CROSS. I have no information of that.

The CHAIRMAN. Can you account for Mr. Freeman, the lawyer for the Parmalee interests, having called you and first having tried to see you, and then when he was unable to see you, having telephoned you and engaged in the conversation that you have related here today? Can you account for it, why you would be singled out to be called?

Mr. CROSS. I suppose he did then what was done later, and that is attribute the responsibility to me, because I think that is what the charge is, isn't it?

The CHAIRMAN. Yes; but do you think that maybe that was the reason for it, and he was blaming you for either interfering or influencing the railroads in giving the contract to Keeshin?

Mr. CROSS. Yes; putting a few things together, I think that was the basis of it.

The CHAIRMAN. That was probably the reason?

Mr. CROSS. Yes, sir.

The CHAIRMAN. That would indicate somewhat—and I am just speaking out loud—that possibly there was some report, and I am not saying it is true, but there was some report abroad in Chicago at the time or immediately following the awarding of the contract that you had interceded in the matter.

In other words, I could not rationalize any reason why he would call you and single you out, unless he must have had some information to that effect, or some report to that effect.

Mr. CROSS. I have no knowledge of that one way or the other.

The CHAIRMAN. Did he in that conversation charge that you had interfered or influenced the matter in any way?

Mr. CROSS. That was the impression that I gained from his conversation, and I could not——

The CHAIRMAN. That he was charging you with that?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. Charging me with that responsibility, yes.

The CHAIRMAN. Do you remember the date of that call?

Mr. CROSS. Well, it was the last of July or the first of August.

The CHAIRMAN. The last of July or the first of August?

Mr. CROSS. It was a few days before the adjournment of Congress.

The CHAIRMAN. That would be some time then after the contract had been awarded?

Mr. CROSS. Yes.

The CHAIRMAN. It wasn't immediately afterwards?

Mr. CROSS. No. I am sure of that, because I had an appointment on the Hill that morning, and I had to go over there, and Congress was getting ready to adjourn.

The CHAIRMAN. All right. I am going to defer to the other Senators now, if you wish to ask a few questions. I will be right back.

(Senator McClellan left the hearing room.)

Senator JACKSON. What did Mr. Keeshin ask you to do when he called?

Mr. CROSS. Mr. Keeshin never made any requests of me to do anything. Mr. Keeshin had never gotten anything from me on the Commission. I have related that to you.

Senator JACKSON. We have all of that, but I am referring only to this matter, which is before the committee. What did he ask you to do?

Mr. CROSS. He didn't ask me to do anything.

Senator JACKSON. Well, what did he say?

Mr. CROSS. He told me about his plans, and all of that, but he made no requests of me.

Senator JACKSON. Why did you get busy about it and call these other people?

Mr. CROSS. If he did anything, I think that he asked if I could find the status of it, and I think that was the basis of my conversation with Mr. Simpson.

Senator JACKSON. How would he expect you to do that?

Mr. CROSS. As to anything else, he never mentioned or made any request of me.

Senator JACKSON. How would he expect you to find the status of it? When it is a matter over which the ICC has no jurisdiction?

Mr. CROSS. I suppose he knew that I knew Mr. Simpson, and just like anyone would make a casual inquiry, but he didn't ask me—he didn't ask me to call Mr. Simpson. He may have asked me to find out the status of it, but he didn't ask me to call Mr. Simpson or anyone else.

Senator JACKSON. Why would he call and ask you about the status of this matter when you had no jurisdiction over it? I take it that you felt these calls were in your official capacity, or the calls that you were receiving?

Mr. CROSS. Well, I would say if it was something Senator that didn't concern us officially, that it wasn't inappropriate for me to make an inquiry.

Senator JACKSON. You felt what he asked you, and I still am at a loss to know what he asked you, but I take it that you implied then, did you, from his conversation that he wanted you to inquire of the companies?

Mr. CROSS. I think he was wondering how I was getting along.

PLAINTIFF'S EXHIBIT 62 (Continued)

Senator JACKSON. What is that?

Mr. CROSS. He was wondering how it was getting along, and I didn't know anything about it.

Senator JACKSON. How you were getting along?

Mr. CROSS. How it was getting along.

Senator JACKSON. How it was getting along?

Mr. CROSS. Yes.

Senator JACKSON. Well, why would he do that?

Mr. CROSS. He didn't ask me to call Mr. Simpson, or he didn't ask me to call anyone.

Senator JACKSON. What made you call these people, then?

Mr. CROSS. I have already related as to Mr. Feucht. As to Mr. Simpson, I didn't consider it inappropriate to ask him the status of a matter.

(Senator McClellan returned to the hearing room.)

Senator JACKSON. In the case of Mr. Feucht, they are having financial trouble, and you felt that you ought to help out in their problem, is that right, that is the substance of it?

Mr. CROSS. I think that that was right.

Senator JACKSON. Now, was the Baltimore & Ohio having financial difficulty too?

Mr. CROSS. No.

Senator JACKSON. Why did you call them?

Mr. CROSS. I knew Mr. Simpson well, and he was close by.

Senator JACKSON. So you called him because you knew him personally?

Mr. CROSS. That is right.

Senator JACKSON. Did you——

Mr. CROSS. And I didn't consider it inappropriate to ask him a question.

Senator JACKSON. Did you tell him that you were calling as chairman, or an individual capacity, or did you make any disclaimer?

Mr. CROSS. No, I didn't. He certainly knew I was doing it on an individual capacity.

Senator JACKSON. But you didn't say anything?

Mr. CROSS. Well, when you know a man, and you ask him a question, what would be your conclusion?

Senator JACKSON. Well, I am just asking the question, and you can give the answers. You made an appointment to go over to see him?

Mr. CROSS. I made an appointment to go over and get some clothes, and I stopped there to see him.

Senator JACKSON. Didn't you make an appointment with him?

Mr. CROSS. Yes, I knew I was going to be over there, and I stopped in. and he has invited me previous times to come in and see their place, and I had been in Baltimore at banquets, and it wasn't anything new, and I don't think it was inappropriate to go into the office.

Senator JACKSON. The record will speak for itself, whether it is appropriate or inappropriate.

Mr. CROSS. I was over there, and this suit of clothes came from there.

Senator JACKSON. I am not concerned about that, Mr. Cross, you are a lawyer and let us just stick to the issue and we will get along faster, and I will be very fair. I just want to get the facts for the

PLAINTIFF'S EXHIBIT 62 (Continued)

record, and that is all we are interested in. I have no feelings about this matter one way or the other. If we stay away from extraneous matters, it will help.

Mr. CROSS. All right.

Senator JACKSON. Did you go over to see Mr. Simpson for any other purpose?

Mr. CROSS. It was mainly a social call while I was there in Baltimore.

Senator JACKSON. You just went for the purpose of a social call and nothing to do with this matter that Mr. Keeshin was interested in?

Mr. CROSS. I discussed other matters, and I didn't go there for the purpose of that.

Senator JACKSON. If it were just a social call——

Mr. CROSS. Mr. Simpson was a friend, and he asked me to come in there, and he wanted me to see the old fine paneling.

Senator JACKSON. You say he asked you to see it?

Mr. CROSS. He had not specifically, not then.

Senator JACKSON. Isn't it a fact that you called to make an appointment to see him?

Mr. CROSS. I did call him, and I said that, sir,

Senator JACKSON. You called to make an appointment to see him and the primary purpose of your visit with him was to discuss this Keeshin matter?

Mr. CROSS. Well, I hate to go into other matters, but the B. & O. financing was far outshadowing anything else.

Senator JACKSON. Isn't it unusual for an Interstate Commerce Commission officer to go to the office of a railroad official and discuss matters that come within the jurisdiction of the Commission? You say financing?

Mr. CROSS. That, sir, I tried to emphasize was a noncontroversial and nonadversary and they had come to us in a formal way, and we had to take care of their details.

Senator JACKSON. What other times have you gone and made special trips to see railroad officials on matters that were not in litigation or in controversy before the Commission? Did you make it a practice?

Mr. CROSS. I have done it in railroad official offices without any cause whatever.

Senator JACKSON. Special trips, just to see them?

Mr. CROSS. I was in Baltimore, as I told you, to buy a suit of clothes.

Senator JACKSON. What did you discuss with him over there, with Mr. Simpson?

Mr. CROSS. I think we discussed a few of their problems, and a few of their plans for rehabilitation of their financial structure.

Senator JACKSON. Is that what most of the conversation was about?

Mr. CROSS. I don't think that I was there Senator, over 15 minutes, and he showed me around the building, and we discussed a few things, and I passed the time, and I went on.

Senator JACKSON. Did you call Mr. Keeshin back after he had called you about this matter of his submitting a bid on the transportation of people and baggage in Chicago? Did you call Mr. Keeshin back and advise him at any time of your conversations with these railroad officials? Did you ever report back to him and say, "Well, I have talked to so-and-so, or such-and-such railroads" and advise him that you have been in touch?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. I could have related it but I have nothing to report to him.

Senator JACKSON. Well, after, for instance you talked to Mr. Feucht, didn't you call back and advise Mr. Keeshin as to the status of the matter, as you found it, after talking with Mr. Feucht or Mr. Simpson?

Mr. CROSS. I would not say that I did, or that I didn't.

Senator JACKSON. Well, you would remember that, would you not?

Mr. CROSS. I would assume that I mentioned it, but I got no definite answers from anyone, and I didn't.

Senator JACKSON. Didn't you report back, the fact that you had talked with these people?

Mr. CROSS. I could have done that.

Senator JACKSON. Well, can't you say, and you had a lot of calls with Mr. Keeshin, after——

Mr. CROSS. I would rather assume that I did. I would conclude that I did.

Senator JACKSON. Without going into detail?

Mr. CROSS. I would assume that in my conversations I mentioned that.

Senator JACKSON. Did you mention that you had discussed this matter with Mr. Feucht, for example?

Mr. CROSS. That could well be.

Senator JACKSON. And with Mr. Simpson?

Mr. CROSS. That could well be.

Senator JACKSON. And Mr. Johnston?

Mr. CROSS. Well, I don't think there was anything conclusive that I ever got from Mr. Johnston.

Senator JACKSON. Well, the fact that you had talked with him, and I am not going into details as to what you said.

Mr. CROSS. I don't know whether I ever mentioned about Johnston or not.

Senator JACKSON. Now, I gathered earlier in your testimony, that you were a good personal friend, you and your wife, and his wife, and Mr. Keeshin's wife were good personal friends and visited back and forth. Is that correct?

Mr. CROSS. That is correct.

Senator JACKSON. And you visited in his home, did you?

Mr. CROSS. We have been to their home, yes.

Senator JACKSON. How many times, roughly?

Mr. CROSS. Two or three times.

Senator JACKSON. When did you first visit? You got to know him, I think you said you first got to know him back about 1939.

Mr. CROSS. It was about that time, 1939 or 1940.

Senator JACKSON. When did you and your wife first visit in his home? Roughly—I don't mean to go into detail.

Mr. CROSS. Well, I have been to his home several times, and I think my wife may have been there once or twice.

Senator JACKSON. You have been to his home several times in Chicago?

Mr. CROSS. Yes.

Senator JACKSON. And has he been to your home here?

Mr. CROSS. No, he never has.

Senator JACKSON. He never has? Has he or his wife?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. We have invited them, and I think the answer is that his wife just can't do it.

Senator JACKSON. But you and your wife have visited several times in Chicago, and when was the last time?

Mr. CROSS. The last time we visited them, I think, was late this summer.

Senator JACKSON. Late this summer?

Mr. CROSS. Yes, sir.

Senator JACKSON. When was that; this summer?

Mr. CROSS. In September.

Senator JACKSON. Was that in Chicago?

Mr. CROSS. That was at his home near Rhinelander, Wis.

Senator JACKSON. When was the time prior to that? Well, how many times this year? That is, other than this September visit in Rhinelander.

Mr. CROSS. I think Mrs. Cross had been to their home once, and I have been there 2 or 3 times.

Senator JACKSON. Was that in Chicago?

Mr. CROSS. I think so; yes, sir.

Senator JACKSON. In Chicago this year?

Mr. CROSS. Yes.

Senator JACKSON. You have been there 2 or 3 times in addition to time you and your wife were at Rhinelander, Wis.? What about in 1954?

Mr. CROSS. I was at his home in 1954.

Senator JACKSON. Was your wife with you?

Mr. CROSS. No.

Senator JACKSON. How many times in 1954?

Mr. CROSS. Once.

Senator JACKSON. Now, going back prior to 1954——

Mr. CROSS. I was there once before, I think.

Senator JACKSON. Once prior to 1954?

Mr. CROSS. Yes, sir.

Senator JACKSON. Do you have any idea when that was?

Mr. CROSS. It might have been the year before that; I am not sure.

Senator JACKSON. In 1953, probably?

Mr. CROSS. I can't be positive about that.

Senator JACKSON. Well, does it go away back, 1939?

Mr. CROSS. I think I was out to his place perhaps once away back then, and I know I was with him in Chicago, in 1939, and whether I was with him a number of times in Chicago, but whether we were out to their home, I don't recall.

Senator JACKSON. But you did visit with them?

Mr. CROSS. I wouldn't say it goes back to 1939; I would say it goes back to the middle forties, when my social acquaintanceship started.

Senator JACKSON. Did that involve visits to his home during the 1940's?

Mr. CROSS. It involved some meetings downtown in Chicago.

Senator JACKSON. How about visits to his home?

Mr. CROSS. We never have stayed at their home overnight.

Senator JACKSON. I don't mean stayed, I mean to call, to have dinner or come out to the house socially.

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. We didn't have dinner because it is custom of people in Chicago, that live away out, it is the custom to meet downtown and eat.

Senator JACKSON. Now, did Mr. Keeshin give you a memorandum of the details of his proposal as compared with the Parmalee proposal or the other proposal?

Mr. CROSS. No, he did not.

Senator JACKSON. Did he ever give you the details verbally?

Mr. CROSS. I don't think that he made any comparison, and I don't know how he could have a comparison.

Senator JACKSON. At any time, did he ever do that?

Mr. CROSS. No, not to my knowledge, not to my recollection.

Senator JACKSON. That is all, Mr. Chairman.

Senator ERVIN. You and Mr. Keeshin had been good friends for a period of about 15 years?

Mr. CROSS. That is right.

Senator ERVIN. And he told you that he had submitted a bid for this contract?

Mr. CROSS. That is right.

Senator ERVIN. And he made statements to you from which you implied that he was anxious for you to speak a good word for him in connection with the matter?

Mr. CROSS. He never asked me to speak a good word for him any more than he ever asked me to do him a favor on a case before the Commission.

Senator ERVIN. But you drew the implication from what he said?

Mr. CROSS. I could not draw that impression at all.

Senator ERVIN. Did you draw the impression, or the implication from anything that he said that he wanted you to assist him in any way, by a word of commendation or anything else?

(Senator Jackson left the hearing room.)

Mr. CROSS. I can't draw that at all. When these cases were up; he never mentioned them to me, and while I knew about this matter, he didn't ask me to go out and do anything for him.

Senator ERVIN. I thought that I understood you to say that while you don't remember exactly what he said, that inferentially he asked you to speak a good word in his behalf.

Mr. CROSS. He did ask me at one time to find out the status of it, and I think that that was the basis of my inquiry, with Mr. Simpson.

Senator ERVIN. Did he tell you at any time that the railroads had submitted the bids, or his bid and the other bids to a committee composed of representatives of 5 railroads, and that among those 5 railroads was the Baltimore & Ohio and the Chicago & Northwestern and the Illinois Central?

Mr. CROSS. No, sir, I didn't know the procedures that they went through on the bids.

Senator ERVIN. If you didn't know that the B. and O. Railroad had a representative on the committee that was passing on the matter, why did you call Mr. Simpson?

Mr. CROSS. Because he was close by, and because I had been in rather close contact with him on other matters.

Senator ERVIN. There are 21 railroads, I believe, that enter the Chicago area?

Mr. CROSS. Something like that, 20 or 21.

PLAINTIFF'S EXHIBIT 62 (Continued)

Senator ERVIN. No, did you feel that Mr. Feucht, or in other words, what I am trying to get at, did you call Mr. Feucht merely on account of your interest in the Chicago & Northwestern Railroad, or was it in part on account of your friendship for Mr. Keeshin?

Mr. CROSS. Mr. Keeshin never suggested that I call Mr. Feucht.

Senator ERVIN. How many times did Mr. Keeshin call you about this bid?

Mr. CROSS. I don't know. There were a good many telephone calls there, and some of them were between my wife and Mrs. Keeshin, and some of them on other matters, and some of them on politics.

Senator ERVIN. But he called you a number of times about this particular bid for this particular contract; didn't he?

Mr. CROSS. He never called me asking me to do anything on his bid.

Senator ERVIN. But that wasn't the question. My question was: If he didn't call you on a number of times and make reference or discuss in some way this bid?

Mr. CROSS. I think in conversations it was made reference to a number of times; yes, sir.

Senator ERVIN. And on no occasion did he ever ask you to do anything whatever for him?

Mr. CROSS. I never recall that he ever asked me to do anything for him.

Senator ERVIN. Could you suggest why it was that he merely talked to you about this contract if he didn't want you to do anything about it? I understood you to say that inferentially he asked you to speak a good word for him, or am I mistaken?

Mr. CROSS. Yes, he did not ask me to speak a good word for him. I think he was interested in nothing but knowing the progress of it, and I think my call to Mr. Simpson was based upon an inquiry that he made as to the status of it, and I inquired of Mr. Simpson as to the status of it, and that is all that I mentioned to Mr. Simpson.

Senator ERVIN. You called and you talked to Mr. Feucht because you were interested in Mr. Feucht, or rather the Chicago & Northwestern giving a contract to Mr. Keeshin; weren't you?

Mr. CROSS. No, I was interested in seeing that the best bidder got it, and that the Northwestern——

Senator IRVIN. I am asking you if in your conversation——

Mr. CROSS. I don't know what the other side was, and if the other side had the best bid, I was only interested in seeing that the railroad did the best thing for themselves.

Senator ERVIN. All I want to ask you is if in your conversation with Mr. Feucht, if you didn't argue that the bids submitted by the Keeshin Co. was superior to the bid submitted by Parmalee, and if you did not state to Mr. Feucht that the Parmalee bid had some jokers in it?

Mr. CROSS. I don't know what was in the Parmalee bid. I know that the Keeshin bid offered new equipment which was entirely different from what they had ever had before.

Senator ERVIN. Well, I don't believe that you answered my question.

Will you read the question please?

(Thereupon, the previous question as above recorded was read by the reporter.)

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. I didn't state that the Parmalee bid had any jokers in it. I didn't state that one bid was superior to the other. I asked him to investigate the merits of it, and weigh it, and I didn't have the information as to the two bids.

Senator ERVIN. That is the reason I am having a little trouble understanding why you called him, Mr. Cross.

Mr. CROSS. I thought that the North Western ought to go into it, and determine which was the best bid or the best offer.

Senator ERVIN. Didn't you think that Mr. Feucht as the president of the Chicago & North Western Railroad, and the other officials of the Chicago & North Western Railroad were determined before they entered into a contract whether it was advantageous to their railroad?

Mr. CROSS. I know the railroads would weigh the thing and try to do the best thing according to what the contracts offered.

Senator ERVIN. And you also were conscious of the fact, or you also assumed since you didn't know the details of the two bids, that they had more knowledge of the details of the bids than you did, didn't you?

Mr. CROSS. I suppose they had more knowledge of the bids than I had, because I only had knowledge of one side.

Senator ERVIN. That being true, and since you had no knowledge or no substantial knowledge of the terms of the two proposals, and since you assumed that the Chicago & Northwestern Railroad would be interested or would determine for itself which was the best bid for them from an economic standpoint, why did you bother to call them at all?

Mr. CROSS. Well, I have already answered that to the best of my ability.

Senator ERVIN. Suppose you try it again, because I haven't quite understood your answer.

Mr. CROSS. I felt it was to the interest of the Northwestern to give careful attention to the bids and award it to the best bidder.

Senator ERVIN. Didn't you assume that they would do so from their own standpoint?

Mr. CROSS. I didn't draw any conclusion evidently, or I would not have made the call, sir.

Senator ERVIN. That is just exactly——

Mr. CROSS. That is one of the reasons that I say the call was indiscreet and I should not have done it.

Senator ERVIN. You testified you were not requested by Mr. Keeshin to do anything whatever to assist him in getting the contract, and you state that you did not know the relative merits of the two contracts.

Mr. CROSS. I knew the Northwestern Railroad was in difficulties, and I felt that anything that they could do for themselves would be very helpful to them.

Senator ERVIN. So you called them up and said, "Decide this matter for yourself."

Mr. CROSS. I told them to weigh the bids.

Senator ERVIN. To weigh the bids?

Mr. CROSS. Yes; and consider them on the basis of merit.

Senator ERVIN. But you never suggested that one bid was better than the other or that you would prefer them to accept one of the bids rather than the other?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. I didn't say that one bid was better than the other because I didn't know the competitive features of them. If the other bidder had been the best, I think the Northwestern should have taken it, Senator.

Senator ERVIN. You were afraid that without the suggestion from you that the president of the Chicago & Northwestern Railroad might not take the trouble to find out which 1 of the 2 or more bids was the best for the railroad. And therefore you called him up to suggest that he decide the matter on the merits and take the one for the best economic advantage of his railroad. Is that correct?

Mr. CROSS. I assume that that is substantially correct, Senator.

Senator ERVIN. That is all.

The CHAIRMAN. Any further questions?

Mr. Kennedy the chief counsel would like to ask you a few questions.

Mr. KENNEDY. Mr. Cross, did you ever contemplate going to work for Keeshin or any one of his companies?

Mr. CROSS. I never contemplated going to work for Mr. Keeshin or anyone of his companies.

Mr. KENNEDY. Did you ever contemplate or was it ever discussed that you would go to work for this new corporation being set up?

Mr. CROSS. It was never discussed at all.

Mr. KENNEDY. On the telephone or otherwise?

Mr. CROSS. No.

Mr. KENNEDY. Did you ever mention to anybody that you might go to work for Mr. Keeshin or one of his companies?

Mr. CROSS. I didn't mention that I would ever go to work for Mr. Keeshin or any one of his companies for the reason that no offer was ever made to me.

Mr. KENNEDY. Well, you had a conversation with Mr. Wayne Johnston; is that correct?

Mr. CROSS. Yes.

Mr. KENNEDY. And during the course of that conversation, didn't you state to Mr Wayne Johnston that if Mr. Keeshin's interest received this contract, that you would go to work for that company?

Mr. CROSS. I think in that conversation in the spirit of levity, Mr. Johnston was kidding me and accusing me of doing it.

Mr. KENNEDY. Why?

Mr. CROSS. Well——

Mr. KENNEDY. You stated earlier Mr. Cross, that you never heard that anybody understood that you were going to work for the Keeshin Co.

Mr. CROSS. No.

Mr. KENNEDY. Did Mr. Wayne Johnston say that?

Mr. CROSS. I told you that down in Little Rock.

Mr. KENNEDY. Did Mr. Wayne Johnston understand that you were going to work for the Keeshin interests?

Mr. CROSS. He never understood it from me.

Mr. KENNEDY. Did he understand it from anyone?

Mr. CROSS. Not anyone that had any authority on my behalf, because there never was any representation made by me or anyone for me.

Mr. KENNEDY. Well, in your conversation with him, with Mr. Wayne Johnston, did you understand that he had heard that you were going to work for the Keeshin company?

PLAINTIFF'S EXHIBIT 62 (Continued)

Mr. CROSS. I think there was some reference that he was trying to kid me to find out whether I was or not.

Mr. KENNEDY. How did the conversation arise? Were you completely surprised that he should mention the subject?

Mr. CROSS. I know Wayne Johnston, and we kid back and forth, and I can't see anything wrong in a conversation, or he kidding me or me kidding him.

Mr. KENNEDY. Where did the conversation take place?

Mr. CROSS. I think it was in some informal gathering.

Mr. KENNEDY. So he came up and he said to you facetiously—or what was the conversation?

Mr. CROSS. My recollection is that he talked about the situation, and said, "Why don't you go to work for Keeshin?" or something of the kind.

Mr. KENNEDY. And what did you say?

Mr. CROSS. Well, I probably should have flatly denied it, and probably he was kidding me, but I said—I may have let the thing go without a flat denial.

Mr. KENNEDY. What did you say?

Mr. CROSS. I can't tell you the exact words, except that I never in my thinking had any realization that he meant it seriously.

Mr. KENNEDY. What did you say generally, if you can't tell me in your exact words? What did you say generally?

Mr. CROSS. I don't think that I gave him an answer on it, and I think it was passed by.

Mr. KENNEDY. Do you remember saying to him that you were going to work for Keeshin & Co. if Keeshin received this contract, Mr. Cross?

Mr. CROSS. No.

Mr. KENNEDY. Do you deny that you said that?

Mr. CROSS. I deny that I said that.

Mr. KENNEDY. Do you deny that you said anything like that, or anything similar to that?

Mr. CROSS. I deny that I said that I was going to work for Keeshin & Co. because there was no commitment.

The CHAIRMAN. Let me ask you a question there. Did you possibly say to him at that time, that if everything worked out all right, you would—that is, if everything worked out satisfactorily, that you would go to work for the Keeshin Co., or Keeshin and his company?

Mr. CROSS. Senator, my plans by that time were formulated, and I was to become or be the Chairman of the Commission and I had made up my mind that I was going to go through with my term as Chairman of the Commission, and I had no other plans in mind; that was, of any kind, practicing law, or anything else. As I told you before, at different times, I have contemplated entering the practice of law, but when it was due for me to become Chairman of the Commission, I gave up all of those plans and determined that I would go through this term.

(Senator McCarthy returned to the hearing room.)

Mr. CROSS. There was no commitment made to me, and I made no commitment for the future whatsoever.

The CHAIRMAN. Well, I have asked you the specific question because I am not fishing, and I am just asking you on the basis of information that we have before the committee, and I wanted to give you the

PLAINTIFF'S EXHIBIT 62 (Continued)

opportunity to refute it. The question is, and I will use as near the exact language as I can, "Did you say to him that if everything worked out satisfactorily, you would probably go to work for the Keeshin Co. or for Keeshin?

Mr. CROSS. I am sure that I didn't make any statement in those words.

The CHAIRMAN. Well, it is hard to get a direct quote unless you have it.

Mr. CROSS. It was done facetiously.

The CHAIRMAN. Would you have said anything to him at that time from which he would have inferred that if things worked out satisfactorily, you probably would go to work for Mr. Keeshin or for his company?

Mr. CROSS. If he posed the question to me, my denial may not have been such that he would have concluded it in positive terms, but let me say again, I did not, or I could not have said that because Mr. Keeshin never made any proposal to me one way or the other, to work for him. By that time I was committed to go through my term as Chairman of the Commission.

The CHAIRMAN. Mr. Keeshin had made a proposal to you in the past to work for his company, or one of his companies?

Mr. CROSS. No, there was no proposal. That was a proposal that this intrastate company, if it could be purchased, we might work something out, but it never got any further than that.

The CHAIRMAN. You have already testified that there was no further carryover or understanding about the future after that fell through?

Mr. CROSS. There was no carryover; no.

The CHAIRMAN. Are there any other questions?

Mr. CROSS. As a matter of fact, that was an established undertaking. This undertaking was one thing that I probably would be the last one in the world to want to get into, because it was a new operation of which I had no experience or knowledge.

The CHAIRMAN. Is there anything further?

Thank you very much, Mr. Cross. The Chair would advise you that you are still under subpena in the event that we need to interrogate you further. With your acknowledging that you are still under subpena all that would be necessary is for us to just call you and give you a reasonable time to appear.

Mr. CROSS. Do you care for copies of these documents?

The CHAIRMAN. They may be left on file with the committee, Mr. Cross, if you care to do that. You understand by that, that I don't mean to encumber the record by printing them all in there, but they can be on file as exhibits to your testimony for reference. That is, such as you think are pertinent.

Mr. CROSS. There are five cases for the record, and I might cite them:

Status of Parmalee Transportation Company, No. 30-940, decided March 11, 1953, Division 3, Patterson, Johnson, and Nutson, 288 ICC reports, page 95.

MC-F-4401, E. I. Company, Control, and Purchase, Keeshin Freight Lines, 57 MCC 341, decided November 6, 1950, and on reconsideration, 75 MCC 467, decided April 2, 1951.

PLAINTIFF'S EXHIBIT 62 (Continued)

MCF 5606, M. H. Clark, and Ruan Control, etc., Keeshin Freight Lines, decided January 29, 1954, and the same title, and the same number, report on further hearing, decided June 7, 1954.

The CHAIRMAN. Do you have any further statement to make, Mr. Cross?

Mr. CROSS. I would like to conclude with this thought:

I have been in public life 22¼ years. I have never had a finger or whisper of suspicion pointed at me before. This grieves me terribly. If I was guilty of indiscretions, I am very sorry, and I cannot believe that my action in any way affected those contracts.

Regardless of the stigma that may fall upon my shoulders and the shoulders of my wife, at our age, I can minimize that by saying that the greatest pain of all, the pain that I never can survive, would be any reflection that might fall upon the Interstate Commerce Commission, of which I am a member and of which I happen now to be Chairman. That would be the most grievous thing that I can think of in life itself.

The CHAIRMAN. Thank you very much, Mr. Cross.

You will acknowledge for the record that you are under a subpena, and subject to the call from the committee if the committee should find it necessary to call you?

Mr. CROSS. That is right.

The CHAIRMAN. Thank you very much.

(Senators present at the time of adjournment were Senators McClellan, Jackson, Ervin, and McCarthy.)

(The witness left the hearing room.)

(At 6:10, the committee adjourned, subject to the call of the Chair.)

PLAINTIFF'S EXHIBIT 62 (Continued)

APPENDIX

EXHIBITS

No. 2

TRANSFER OF PASSENGERS AND BAGGAGE BETWEEN STATIONS IN CHICAGO

A subcommittee of Chicago Terminal Lines, consisting of New York Central, Pennsylvania, Santa Fe, B. & O., C. & N. W., and I. C., have been considering a contract covering transfer of passengers and baggage between stations in Chicago. The Parmelee Co. and Keeshin Co. have both submitted bids. The 2 companies' final proposals are practically the same and contemplate for the first year beginning July 1, 1955, $1.20 per capita for each adult passenger, second year $1.22, third year $1.23. The contract would be for 5 years and for the remaining 2 years the rate would be on the basis of 1 cent increase for every 5 cents an hour increase in wages. If wages should be reduced, the escalator clause would work in reverse.

Keeshin proposes to put air-conditioned station wagons in the service with the necessary trailers and trucks to handle baggage between stations. The station wagons will be 5- and 7-passenger capacity. Parmelee states that they contemplate spending about $500,000 for the purchase of new equipment over a 5-year period. They propose to purchase 12 new passenger limousines within 18 months.

The special committee, charged with the duty of making a report for consideration by all Chicago lines, went out to Keeshin's place on the south side yesterday to view his equipment. They are favorably impressed with it. The New York Central (chairman), Pennsylvania, and Santa Fe definitely favor Keeshin's proposal. The B. & O. have not made any decision, awaiting arrival of their passenger traffic manager from Baltimore today. The North Western indicate they favor continuing with Parmelee. Our people have been leaning towards Parmelee because of the fact that they have been handling the business for so many years. However, after viewing the equipment Keeshin proposes to put into service, they are inclined to favor Keeshin provided a contract can be made with him which will guarantee first-class service. That will be our position at meeting today which Mr. Hearne will attend.

Last year Illinois Central paid Parmelee $72,000, New York Central $345,000, North Western $251,000. We do not have the 1954 figures for the other roads, but in 1953 the Santa Fe paid Parmelee $160,000, Pennsylvania $130,000, and B. & O. $61,000.

* * * * * * *

Later: The special committee met this morning and after calling Mr. Keeshin in for some additional information decided unanimously to recommend to the Chicago lines that Keeshin's proposal be adopted.

Further report will be made after the matter is passed on by the Chicago Terminal Lines committee.

R. A. TROVILLION.

JUNE 3, 1955.
Original, Mr. Johnston.
Copy: D. J. Hearne.

No. 3

CHICAGO, *April 27, 1954.*

MR. JOHNSTON: The Parmelee Co. appealed to the railroads last January for an increase from $1.05 to $1.25 per passenger and several meetings of passenger traffic officers of the Chicago Terminal Lines have been held from time to time since that date endeavoring to reach an agreeable charge for the services performed by the Parmelee Co. The Parmelee Co. have stated that they have a deficit amounting to $42,900 for the first 3 months of 1954.

PLAINTIFF'S EXHIBIT 62 (Continued)

At meeting April 26 the Parmelee Co. insisted that the rail lines absorb the deficit. However, the rail lines thought that the Parmelee Co. should assume 50 percent and the rail lines 50 percent. This was agreed to by all concerned and our portion of this deficit will be approximately $1,200 for the period from January to March.

Effective April 1 the rail lines will pay the Parmelee Co. $1.20 per adult coupon, 60 cents for child's coupon, and 85 cents for each military furlough passenger. Effective July 1, Parmelee expects a wage-increase demand from their personnel and if granted the rail lines will assume 1-cent additional for each 3 cents per hour wage increase, with a maximum of 3 cents per adult coupon. This agreement will be in force until June 30, 1955.

R. A. TROVILLION.

Copies: Mr. Fitzpatrick, Mr. Martin.

No. 4

CHICAGO, *June 13, 1955.*

MR. JOHNSTON: The Chicago Terminal Lines at a meeting today approved giving the Keeshin Co. contract for the transfer of passengers and baggage between stations in Chicago.

The Parmelee Co. will be given 90 days' notice from June 30 and Keeshin will take over the work on October 1.

R. A. TROVILLION.

Copy: Mr. Fitzpatrick.

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EXHIBIT VOLUME II

TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, 1961

No. 498

IN THE MATTER OF CRIMINAL CONTEMPT OF
THOMAS C. McCONNELL, PETITIONER.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

PETITION FOR CERTIORARI FILED OCTOBER 14, 1961
CERTIORARI GRANTED DECEMBER 11, 1961

In the
United States Court of Appeals
For the Seventh Circuit

No. 13160

FARMELEE TRANSPORTATION COMPANY,

Plaintiff-Appellant,

vs.

JOHN L. KEESHIN, RAILROAD TRANSFER SERVICE, INC., HUGH W. CROSS, THE NEW YORK CENTRAL RAILROAD COMPANY, HOWARD E. SIMPSON, PAUL E. FEUCHT, WAYNE A. JOHNSTON, FRED G. GURLEY, THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, THE BALTIMORE AND OHIO RAILROAD COMPANY, CHICAGO & NORTH WESTERN RAILWAY COMPANY, ILLINOIS CENTRAL RAILROAD and THE PENNSYLVANIA RAILROAD COMPANY,

Defendants-Appellees.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

Honorable Julius H. Miner, Judge Presiding.

EXHIBIT VOLUME II

Pages 213 - 412

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